

JPRS-NEA-93-082

19 July 1993



**FOREIGN
BROADCAST
INFORMATION
SERVICE**

JPRS Report

Near East & South Asia

19980515 014

DTIC QUALITY INSPECTED 2

DISTRIBUTION STATEMENT A
Approved for public release;
Distribution Unlimited

REPRODUCED BY
U.S. DEPARTMENT OF COMMERCE
NATIONAL TECHNICAL INFORMATION SERVICE
SPRINGFIELD, VA. 22161

Near East & South Asia

JPRS-NEA-93-082

CONTENTS

19 July 1993

NEAR EAST

REGIONAL AFFAIRS

Iraq Accuses Iran of Lying About War Prisoners [AL-THAWRAH 26 Apr]	1
Missile Plant Reported in Tall 'Afar [Doha AL-SHARQ 4 Jun]	1
New French Immigration Law Said Repressive [Paris LE MONDE 7 Jun]	1
Finance Ministers Discuss Privatization [London AL-HAYAH 23 May]	2

ALGERIA

Morocco Accused of Destabilization Plan [EL WATAN 23 May]	5
Impact in Algeria of New French Citizenship Law [LE MONDE 20 May]	5
Foreign Debt Analysis; Contributors Retacent [LIBERTE 16 May]	6

IRAQ

Interview With Saddam Husayn's Sister [ALIF BA' 28 Apr]	7
Sabah Yasin on Role of Television, Its Impact [ALIF BA' 7 Apr]	9
Islamic Bank of Iraq Begins Operation [AL-THAWRAH 26 Apr]	10
Prison Sentence Set for Buying Food at Higher Prices [ALIF BA' 7 Apr]	11
Reported Opening of 17 New Companies [ALIF BA' 7 Apr]	11

ISRAEL

U.S. Foreign Policy: Like Jurassic Park Dinosaur [HA'ARETZ 16 Jun]	11
Composition of PLO-Tunis Office Described [HA'ARETZ 15 Jun]	12
Rabin Urged To Include 'Arafat in Peace Talks [HA'ARETZ 13 Jun]	13
Commentary Favors Direct Arab-Israeli Talks [YEDI'OT AHARONOT 15 Jun]	14
'Arafat's Support of Confederation Viewed [YEDI'OT AHARONOT 14 Jun]	15
Rabin's Reform of Defense Budget Analyzed [HA'ARETZ 30 May]	15
Settlement on Green Line Criticized [YEDI'OT AHARONOT 2 Jun]	17
Russian Roulette, Suicidal Tendencies in IDF [YEDI'OT AHARONOT 4 Jun]	17
Dov Lautman on Industrial Growth, Regional Trade [HA'ARETZ 15 Jun]	20
Economic Autonomy Assists Peace Process [YEDI'OT AHARONOT 17 Jun]	22
Optimism in Stock Market for Foreign Investment [HA'ARETZ 23 May]	23
Pros, Cons of Free-Trade Zone Discussed [YEDI'OT AHARONOT 18 Jun]	25
New Company To Direct Oil Exploration [YEDI'OT AHARONOT 16 Jun]	28
Corporate Representation at Paris Air Show [HA'ARETZ 23 May]	28
West Bank Road System, Security Questions [HA'ARETZ 31 May]	29
Red Cross: Israel Is World's Most Disappointing [HA'ARETZ 28 May]	30
Israel Founded as Jewish State, Not Democracy [YEDI'OT AHARONOT 28 May]	31
Temple Mount Faithful March to Mendelbaum Gate [HA'ARETZ 20 May]	34

MOROCCO

Limitations, Inequities in Society Discussed [Paris LE MONDE 23-25 Jun]	34
Efforts To Stem Heroine, Cocaine Transit Reported [AL-'ALAM 10 May]	38

TUNISIA

Forecast for Opposition Seats Under Electoral Code [LE TEMPS 19 May]	39
HCDHLF Chairman Interviewed on Status Report [LE TEMPS 9 May]	40
GATT Support for Expanded UTAP Role Sought [LE TEMPS 12 May]	41
First Quarter Economic Indicators Reported [CONJONCTURE Jun]	42
Significance of Tourism Sector Highlighted [REALITES 24 Jun]	45

WESTERN SAHARA

Agreement To Slow Peace Plan 'Signed' [Algiers LIBERTE 5 Jun]	46
MINURSO Spokesman on Cease-Fire Violations [Algiers EL WATAN 9 Jun]	46

SOUTH ASIA

BANGLADESH

Paper Discusses Poor Investment Climate [DAINIK ITTEFAQ 23 Jun]	48
---	----

IRAN

Alleged Warning Given By Golpaygani to Khamene'i [London AL-HAYAH 1 May]	48
Medical Exports to Central Asian Republics Questioned	49
Plans To Export Medical Supplies Announced [JAHAN-E ESLAM 8 May]	49
Paper Questions Soundness of Decision [JAHAN-E ESLAM 8 May]	49
Central Bank Governor on World Bank Loans [London AL-HAYAH 4 May]	50
Official on Lack of Foreign Investments [ABRAR 13 May]	51
Forty-Two Billion Rials Allocated to Development of Rural Industries [KEYHAN-E HAVA'I 26 May]	51
Official on Milk Price Increase; Subsidies Continue [ABRAR 4 May]	51
Increase in Cost of Fertilizer Hurting Agriculture [ABRAR 15 May]	52
Phase 2 of Valanjak Highway Construction Begins [ABRAR 11 May]	52
Textile Plant To Be Constructed in Shahr-e Kord [KEYHAN-E HAVA'I 26 May]	53
Exporters of Industrial Products Exempt From Tax [KEYHAN-E HAVA'I 2 Jun]	53
Aluminum Exports Double Compared to Last Year [KEYHAN-E HAVA'I 9 Jun]	54
One-Third of Housing Built by Cooperatives [KEYHAN-E HAVA'I 9 Jun]	54
Zangeneh Tours Karun's Godar-e Landar Power Plant [JAHAN-E ESLAM 2 May]	54
Eleven Communications Offices Opened in E. Azerbaijan [JAHAN-E ESLAM 11 May]	55
Five Provinces Suffer Extensive Flood Damage [KEYHAN-E HAVA'I 19 May]	55
Two Month-Long Floods Cause Extensive Damage [KEYHAN-E HAVA'I 2 Jun]	55
Tehran's First Planetarium To Become Operational [KEYHAN-E HAVA'I 2 Jun]	56
Creation of Music Training Centers Debated [ABRAR 16 May]	56
Official Views Effects of Expanding Salt Deserts [ABRAR 19 May]	56
Juniper Jungles Declining in Yazd [ABRAR 20 May]	57
Foreign Doctors Leave Due to Decrease in Salary [ABRAR 16 May]	57
Lordegan's 96-Bed Hospital Nearing Completion [JAHAN-E ESLAM 13 May]	58
Official on Number of Thalassemia Sufferers [JAHAN-E ESLAM 16 May]	58
Polluting Boats, Floating Docks To Be Removed [ABRAR 24 May]	58
Arms Smuggling Gang Arrested in Lordegan [JAHAN-E ESLAM 13 May]	59
Smuggler Dies After Ingesting Heroin [JAHAN-E ESLAM 11 May]	59
Opium, Heroin Distributor Arrested in Mazandaran [JAHAN-E ESLAM 12 May]	59
Officials Discover Heroin Concealed in Car [JAHAN-E ESLAM 12 May]	59
Over 176 Kg Narcotics Seized in Kerman, Fars [JAHAN-E ESLAM 10 May]	59
Narcotics Production, Distribution Gang Arrested [JAHAN-E ESLAM 9 May]	60
Various Narcotics Seized in Yazd [JAHAN-E ESLAM 9 May]	60

REGIONAL AFFAIRS

Iraq Accuses Iran of Lying About War Prisoners

93LA0058A Baghdad AL-THAWRAH in Arabic
26 Apr 93 p 2

[Article by Sabri Hammadi: "This Exposed Iranian Lying"]

[Text] The Iranian regime has been lying shamelessly. It has reaffirmed that it has not changed and that it does not want to change when it alleged that it released last Thursday 200 Iraqi prisoners it had captured during the Iraq-Iran war (1980-88). This regime knows, as we do, that the people it has released were not war prisoners but Iraqi military who were forced to enter Iranian territory during the 1991 betrayal and treachery phase and who were detained by the Iranian authorities unjustifiably.

Of course, this is not the first time Tehran's regime has lied about the prisoner issue. It has repeatedly announced the release of a number of Iraqi war prisoners, whereas those released are a number of military men it had detained during the 1991 betrayal and treachery phase. We are not surprised by the Iranian regime's lie, considering that it has lied to and deceived Iranians and the entire world for the past 14 years. Thus, lying has become a fundamental part of its failed political method.

Since 1988, the Iranian regime has resorted to procrastination and to exposed lies regarding the fate of thousands of Iraqi war prisoners registered and not registered with the International Red Cross Organization. The regime continues to detain them despite the cease-fire between the two countries and even though it had pledged in Geneva in the presence of the International Red Cross representatives to release all Iraqi prisoners it holds in its prison camps. This continued detention is in violation of the third Geneva treaty of 1949 and UN Security Council Resolution 58 of 1987, and it contradicts principles of the Islamic shari'ah, keeping in mind that Iran's rulers brag that they are the only ones who adhere to these principles.

What is worse and more painful in this humanitarian issue is that the Iranian regime views the Iraqi prisoners it has in detention as hostages, not as war prisoners. Because the regime does not release hostages that it kidnaps or that its agents kidnap, except after protracted and complex negotiations in return for a political and financial price it collects, this regime imagines that it can blackmail Iraq and can accomplish illegitimate political objectives in return for releasing Iraqi prisoners. This regime forgets that with this conduct it confirms with tangible action its deviation from international law and its disavowal of principles of the Islamic shari'ah, while alleging falsely that it adheres to these principles.

In this regard, we must restate another fact, namely that the Iranian regime has tried hard to justify its unethical stance and its inhumane conduct on the Iraqi prisoners issue by alleging falsely that Iraq continues to detain 5,000 Iranian prisoners even though it knows well, as does the International Red Cross Organization, that Iraq has not kept a single Iranian prisoner. The Iranian regime has

fabricated the story of the 5,000 Iranian prisoners in a desperate attempt to cover lies it circulated in the past to understate the size of the enormous human losses it sustained in its failed attacks. This regime did not admit to its actual losses in the major battles but alleged before the Iranian peoples that those who did not return from the battlefronts were prisoners in Iraq; whereas the fact is that they were not taken prisoners but were killed. Tehran's regime is afraid to disclose this truth to the Iranians.

If the Iranian regime is serious about its efforts to improve its relations with Iraq, then it has to first prove its goodwill toward the Iraqi people by releasing thousands of Iraqi war prisoners it has continued to detain unjustifiably for five years. It will thus end the hardship of the prisoners and of their relatives. Else, the Iranian foreign minister's talk about improved relations with Iraq means absolutely nothing and can only be viewed within the context of tactics, games, and maneuvers, which is the Iranian rulers' preferred approach.

Missile Plant Reported in Tall 'Afar

93P50235Z Doha AL-SHARQ in Arabic 4 Jun 93 p 1

[Text] Baghdad, exclusive to AL-SHARQ—Reliable, informed Iraqi military sources have affirmed to AL-SHARQ that Iraq is currently building a short-range missile manufacturing and research complex in the city of Tall 'Afar near Mosul under the supervision of Husayn Kamil al-Majid, the Iraqi president's special advisor for military industrial affairs. The sources added that the new project is not a violation of the sanctions imposed by the United Nations on Iraq, which are restricted to the manufacture of nonconventional weapons and long-range missiles. The new project has been given the name "An al-Yatim Complex."

New French Immigration Law Said Repressive

93AF0626A Paris LE MONDE in French 7 Jun 93 p 1

[Unattributed article: "France-Maghreb: Let's Each Stay Home?"]

[Text] Did the French Government make itself clear when it recently attempted to explain the new deal of its immigration policy to Maghreb governments? On the other side of the Mediterranean, concern and anger seem to be slowly replacing the silence and resignation with which Charles Pasqua's bills had been met until now.

With no concern for diplomatic niceties, the Tunisian bar association thus just denounced "the perverted ideological trends and racist policies" that it believes constitute "the motor" of the French bill. As for the Algerian media, they are no less virulent; they condemn the evil influence of "crypto-LePenists" and are upset to see immigrant workers "serve as providential scapegoats to the right now that it is making a comeback." Through its press, the Moroccan opposition, for its part, no longer refrains from criticizing the "regressive content" of Mr. Pasqua's immigration policy, even though Hassan II still thinks and says that the integration of his subjects who live abroad is neither possible nor desirable.

Over one and a half million people from the Maghreb—one-half of them Algerians—have “settled” in France. After all, they live far better in France than their compatriots back home and they breathe there an air of freedom that, in view of the struggle against fundamentalism, can hardly be found any more on the other side of the Mediterranean. And yet, this community—even apart from the illegal immigrants that compose it—is on the alert. “They are under increasing pressure; they are worried,” Sid Ahmed Ghazali, the Algerian ambassador in Paris, assured. As if they feared the effects of an insidious policy of suspicion.

Whatever the polemics fueled by the presence and behavior patterns of this foreign community in France may be, they do not deter Maghreb people from looking for ways, any ways, to get out of their countries, where they have no work and no future.

As they see it, history has earned them a claim on the former home country. There is no end of recriminations between Rabat and Tunis concerning the attitude of consular authorities when it comes to issuing visas; some describe it as “getting to know what contempt really means.” Things might be much better between both sides of the Mediterranean if people in the South could afford to live at home and if people in the North had the means to help them do so.

This “let’s each stay home” policy is not unreasonable but, in the present context of economic crisis, it already stumbles against the fact that the European Community, and France to begin with, have only meager financial resources to devote to it. In other words, legal or illegal, Maghreb immigrants are doomed for a long time to meet with glances that are not always kind, and to hear some people tell them that they do not belong in France.

Finance Ministers Discuss Privatization

93AE0508A London AL-HAYAH in Arabic
23 May 93 p 12

[Article by 'Abd-al-'Aziz al-Sadiqi and Taj-al-Din 'Abd-al-Haqq in Abu Dhabi: “AL-SHARQ AL-AWSAT Publishes Text of Minutes of Meeting of Finance Ministers of Damascus Declaration”]

[Text] The recommendations made by ministers of finance and the economy of the Damascus Declaration countries who met in al-Dawhah last week covered issues of liberalizing trade, improving the efficiency of Arab economic institutions, encouraging the private sector in the process of economic development in Arab countries, providing the means of communication between key people in the private sector in Arab countries, and also encouraging the private sector to establish joint projects in Arab countries.

The minutes of the meeting follow:

At the start of the meeting the agenda was approved as drafted. A draft of the agenda was included in the letter which was sent by the state of Qatar to call the meeting. The agenda was as follows:

First, liberalizing trade among Arab countries.

Second, upgrading the performance efficiency of Arab economic institutions.

Third, encouraging the private sector to take part in the process of development in Arab countries.

Fourth, providing and strengthening the means of communication between key people in the private sector in Arab countries.

Fifth, encouraging the private sector to establish joint projects in Arab countries.

Sixth, ensuring the means of communication with regional and international lending and development institutions so that support for development programs and projects in Arab countries can be provided. These development programs and projects include those that are funded by the GCC [Gulf Cooperation Council] program to support economic development efforts in Arab countries.

After an exhaustive debate of the items on the agenda in light of the economic goals mentioned in the Damascus Declaration, the ministers agreed on the following recommendations:

First, trade between Arab countries is to be liberalized by means of:

1. Prodding Arab countries which did not sign the agreement to facilitate and promote trade between Arab countries to sign that agreement, and prodding all Arab countries to apply the agreement, and that includes participating in trade talks to exempt each other's products from customs fees.
2. Getting the signatories to the Damascus Declaration to commit themselves to removing all currency restrictions on trade between Arab countries and all restrictions placed on products and quantities traded between Arab countries, and prodding the remaining Arab countries to do likewise.
3. Getting the signatories to the Damascus Declaration to start preparing lists of products that have a national origin. The purpose of these lists is to make it easier for the participating countries to exempt these products from customs fees based upon which an agreement has been reached. This would be the first advanced step toward liberalizing trade between the Arab countries, and that would be consistent with the principles stipulated in Article Four of the agreement to facilitate and promote trade between Arab countries.
4. Encouraging the use of the Arab Monetary Fund program to finance intra-Arab trade and the Islamic Bank for Arab Development have to guarantee investment; consolidating financial resources for investment; and blessing those efforts which are made by Arab countries to create national mechanisms for financing exports.
5. Encouraging commercial banks and specialized institutions to finance the participating countries' exports to each other, in particular, and exports among Arab countries, in general, by devoting more attention to the contributions they make to finance these exports.

6. Making a recommendation to the Committee on Trade Talks, which is a product of the agreement to facilitate and promote trade between Arab countries, to monitor implementation of the trade agreement with regard to qualifying products, as far as their national origin is concerned, for the purpose of exempting those products from customs, and dealing with issues that arise on the basis of the flexibility and dynamism that are required in such matters.
7. Having the participating countries consider those means whose aim is to give imports from Arab countries preferential treatment and Arab goods priority in government acquisitions. This is consistent with what was mentioned in articles seven and eight of the agreement to facilitate and promote trade between Arab countries.
8. Encouraging Arab countries to hold fairs for Arab goods.
9. Making an effort in the context of the Socio-Economic Council of the Arab League to develop the agreement to facilitate and promote trade between Arab countries.
10. Trying to maximize the benefit from bilateral economic agreements in the participating countries, particularly in the area of increasing trade; applying exemptions and trying to develop them whenever the need arises.

Second, upgrading the performance efficiency of Arab economic institutions: The ministers recalled what the Socio-Economic Council of the Arab League had decided in its emergency session held in Amman in July 1988 for the purpose of advancing the economic activity of Arab institutions. The ministers agreed on the following:

1. To coordinate the efforts that are being made by the participating countries within the framework of the Socio-Economic Council of the Arab League to lay down the foundations for upgrading and improving the performance efficiency of Arab economic institutions; increasing their effectiveness, particularly with regard to curbing duplication in those areas in which they specialize; and tightening financial and administrative control on these institutions.
2. To look into the possibility of merging the Council on Economic Unity with the Socio-Economic Council of the Arab League.
3. To concentrate on the importance of conducting a regular review of the efficiency with which Arab economic institutions are being managed by analyzing and evaluating these institutions' annual reports and any detailed reports that may be requested as needed, and to propose an effective mechanism to guarantee that these organizations carry out this task under the supervision of the Socio-Economic Council of the Arab League.

4. To study the feasibility of privatizing participating Arab firms and concentrating continuously on managing these firms on the basis of sound commercial principles regardless of their ownership.
5. To concentrate on the importance of choosing competent and experienced individuals to run Arab economic institutions and to serve in the top administrative and professional positions in them.

Third, encouraging the private sector to take part in the process of development in Arab countries: The private sector is to be encouraged to take part in the process of economic development in Arab countries. The ministers reviewed the steady approach which some countries in the world have been taking to give the private sector a growing role in the process of economic development. This is being done by allowing the private sector to acquire and run economic institutions for the purpose of increasing their performance efficiency, and that would also increase the private sector's contribution to overall development. The Arab countries, which are part of this world, took that same approach. They adopted policies which are based on economic liberalization, and they encouraged the private sector to take part in the process of development to bring about more growth and more economic and social prosperity for citizens. They are doing that by getting the maximum benefit from the financial capabilities and resources which are available to the private sector and using them in the best ways to strengthen the bases of production, to create employment opportunities, and to improve the balance of payments. That would help meet the growing requirements of development.

Consistent with this approach, paragraph (C) of the economic goals of the Damascus Declaration emphasized that the private sector in Arab countries is to be encouraged to take part in the process of economic and social development. This includes strengthening relations among the Arab chambers of commerce, industry, and agriculture and making it easy for small and mid-sized firms to have an opportunity to benefit from the fruits of common cooperation in a concrete manner. Given the exhaustive discussions that were conducted on this subject, the ministers, who wish to increase the private sector's contribution to the process of economic and social development in Arab countries, recommend that the following steps be adopted:

1. A comprehensive review of economic systems and legislation is to be conducted to ensure that these systems are consistent with the universal and Arab approaches and that they are compatible with international and regional developments and changes, particularly with regard to tax laws.
2. The investment climate is to be improved, and essential guarantees for the free movement of Arab capital are to be provided. The ways and means for investing this capital are to be encouraged in accordance with the provisions of chapters one, two, and three of the Uniform Agreement for investing Arab capital in Arab countries.

3. Whenever possible, the private sector is to be given an opportunity to run, manage, and maintain the facilities that are administered by the state.
 4. The private sector is to be given an opportunity to invest in industries that are established or administered by the state, as well as an opportunity to hold an interest share in these industries.
 5. Commercial banks and other financial institutions are to be prodded to offer easier terms for production projects that are established by the private sector.
 6. The establishment of joint-stock companies is to be encouraged, and financial markets in Arab countries are to be developed so that funds that are necessary for joint projects can be provided.
 7. Emphasis is to be placed on the positive effects of liberalizing trade between Arab countries, on attracting private investments to these countries, and on giving the private sector a bigger role to play in economic development.
 8. The private sector is to be encouraged to develop regular channels of communication between its key people, especially within the framework of national chambers of commerce and industry and the Federation of Arab Chambers of Commerce, Industry, and Agriculture. Centers of information are to be established on the economic resources that are available and on the opportunities and elements of investment which are available to the private sector.
 9. An effort is to be made to enter into bilateral agreements to avoid double taxation.
 10. Governments are to take other measures which would contribute to encouraging the private sector. These include:
 - A. Realistic currency exchange policies that reflect actual changes in the local economy are to be pursued. At the same time, the flow of foreign capital into the country is to be encouraged, and the flight of national capital abroad is to be curbed.
 - B. Suitable channels for communication and consultation between the public and private sectors are to be created to identify quite clearly the activities in which greater participation by the private sector is being sought. An agreement based on objective principles is to be reached so that greater participation by the private sector can be achieved in accordance with an informed study that takes into account all the economic and social variables. In this regard the ministers commend the efforts being made by the Arab Republic of Egypt and the Syrian Arab Republic to encourage the private sector.
 - C. The private sector is to be given an appropriate role so that it can play a part in setting development policies and plans and implementing them. This role can be exercised by means of chambers of commerce, industry, and agriculture. The private sector is to be given an opportunity to participate in running state-owned industrial establishments and to do so totally by means of these firms' boards of directors.
 - D. Specialized organizations are to prepare feasibility studies for joint projects, which are to be carried out by the private sector.
 - E. Banks are to be encouraged to reinvest locally some of their investments abroad to stimulate the domestic economy. An effort is to be made to attract national savings and invest them in feasible production projects.
- Fourth, providing and strengthening the means of communication between key figures in the private sector in Arab countries: The ministers agree that strengthening the means of communication between key figures in the private sector in Arab countries is important, because doing that represents a basic and an important step that would encourage the private sector to increase its involvement in economic activity and its ventures into joint projects.
- Fifth, encouraging the private sector to establish joint projects in Arab countries: In this regard the ministers recommend the following:
1. It is essential that the appropriate legal and administrative climate be provided for the establishment of joint projects. It is also essential to give these joint projects the opportunity to pursue their activity in accordance with the market economy.
 2. The basic requirements of success for investment opportunities in joint projects are to be provided. These requirements are manifested in the availability of economic feasibility studies for these projects and the ability of these projects to make exemplary use of the economic resources that are available in host countries.
 3. The private sector is to be encouraged to establish joint projects or to participate in their establishment. This can be accomplished by subjecting the joint projects to the same treatment to which national projects are subjected, that is, applying to them the same rules and procedures.
 4. Joint efforts are to be made to attract the regional and international support that are required for the establishment of joint projects in Arab countries. The purpose of these joint efforts is to strengthen possibilities for utilizing the available economic resources and for transferring technology and increasing trade.
 5. National firms with expertise are to be utilized in studying and evaluating investment opportunities, and national contracting firms are to be given the opportunity to bid on government contracts in Arab countries.
 6. Arab countries are to be encouraged to establish active and advanced financial markets. They are to be encouraged to channel savings into production projects in accordance with each country's circumstances and conditions.

Sixth, ensuring the means of communication with regional and international financial and development institutions so that development programs and projects in Arab countries can be supported: This would include those programs and projects that are financed by the GCC program that supports economic development efforts in Arab countries.

1. The ministers affirmed the importance of coordination between the participating countries so that financial resources can be accumulated from regional and international sources. Coordination between the participating countries is important for energizing Arab financing institutions and for increasing use of their services in a manner that would serve the goals for which they were established.
2. The ministers heard a detailed explanation of the steps that were taken to establish the GCC's program to support economic development efforts in Arab countries to carry out the program's operations. The ministers also heard about an agreement that was reached within the committee that manages the program. The agreement was a first step in the contribution that was made to finance three projects in Egypt and three projects in Syria. These projects will be studied by the management of the three funds.

ALGERIA

Morocco Accused of Destabilization Plan

93AF0624A Algiers EL WATAN in French
23 May 93 pp 1, 3

[Article by A. Boumediene: "Smuggling, Drugs, Assistance to Terrorists: Morocco's Suspicious Game"—first two paragraphs are EL WATAN introduction]

[Text] Suspected for some time already to assist Algerian fundamentalists, Morocco can no longer equivocate.

But our special correspondents in the border zone told us that Morocco did worse than that: it always worked in the background to destabilize Algeria.

Between King Hassan II's last statement that does not at all wish our country fundamentalism, but stability and prosperity, and the "plot" that was being hatched from the moment diplomatic relations were resumed, there are facts that speak for themselves. From a very well-informed source, we thus learned that 15 "Moroccan commissioners" were assigned to Oujda soon after Algeria and Morocco resumed normal relations; their mission was to recruit executives, merchants, and unemployed youths. According to our information, these people are expected to smuggle goods and facilitate the entry of drugs in Algeria.

This carefully thought-out plan of the Royal Palace consists therefore in organizing specialized smuggling channels, on the one hand to inject considerable drug amounts throughout Algeria (kif and "chira" in particular) and, on the other hand, to maximize the dinar outflow in order to destabilize the Algerian national economy.

This diabolical strategy unfortunately worked well to the extent that the "Moroccan recruits" found themselves

quite free to engage in their activities, as is shown by the increasing number of young Algerian drug users and the intensification of the black-market phenomenon, which has ruined both the Algerian dinar and the staple foods supported by the Algerian State and exchanged for second-hand clothes and junk. Assuredly, Morocco is twice the winner at the game as it faces Algerian "buyers" who will discount their own dignity as well as the country's highest interest in exchange for trinkets.

On the other side of the border, the Algerians are totally "despised," and people rejoice at the unbelievable facilities granted by the Chadli regime.

But all this smuggling is supported by assistance to the fundamentalists. Actually, according to a reliable source, it was proven that the Algerian "Afghans" whom Abassi Madani summoned back to Algeria (in groups of two) soon after the interruption of the election process, would transit Morocco. It is no longer a secret that Rabah Kebir had Moroccan accomplices when he fled Algeria. Most of the Islamists arrested also confirmed that they had received assistance from Morocco, where they would meet and buy their explosives. The Tiaret "manufacturer" of home-made bombs would get his explosives from Morocco.

Recently still, a source in Morocco mentioned the existence of a veritable Islamist network in Oujda. Thus, all the terrorists who fear being arrested in Algeria have found refuge in that town. The Algerian fundamentalists are relieved of their passports, the better to be "managed." However, they do get some money and a place to live in exchange for their services.

Still in Oujda, wanted Algerian Islamists find all they need to get organized. They have their "emirs," and cassettes of Ali Benhadj's subversive preaches are passed around freely on the town marketplace.

Finally, it is also a proven fact that the seals affixed at the bottom of MA [expansion not given] press releases were manufactured in Morocco. Mr. Meliani confirmed this during his testimony at the trial of the Houari Boumediene airport case.

Our source also mentioned that three Algerian Islamists are imprisoned in Fes.

They refused to submit to the Moroccan diktat and wanted to go to Europe.

Impact in Algeria of New French Citizenship Law

93AF0592A Paris LE MONDE in French
20 May 93 p 3

[Article signed Ph. Be.: "Reform of the Citizenship Code: Algerian Parents of French Children Cannot Obtain Legalization"]

[Text] When we asked him about the reform of the citizenship code, during the interview he gave us (LE MONDE, 18 May), Edouard Balladur explained his position concerning the amendment proposed by the government and adopted by the deputies, limiting the application of the dual right to citizenship by birth on French soil for

children born in France from one parent born in Algeria prior to independence. To justify this provision, the prime minister mentioned the need to prevent the kind of fraud that consists for Algerian women to come to France to give birth. "The child was born in France," Mr. Balladur told us, "and based on this, the child being French, the parents were able to obtain residence permits to settle in France with their entire family."

Although it is true that, in this case, the child born in France is French by birth (until the implementation of the reform providing that the Algerian parent must have lived in France for five years) and that, as a result, his parents cannot be deported, it is a mistake to state that the parents can get a residence permit and legalize their situation. The circular of 14 March 1986, signed by representatives of the Ministries of Interior and Social Affairs, issued in application of the 1985 amendment to the French-Algerian agreement on immigration, provides in fact that "the Algerian parents of a French child are not, on this account, automatically entitled to receive a 10-year residence certificate." Based on this text, prefectures reject applications for 10-year residence cards.

Delivery of a one-year residence card, for its part, implies that the recipients can prove that they have sufficient means of support. But the same 1986 circular provides that common law applies to Algerians, stating that delivery of a work permit will take into account "the employment situation."

In the present context, this amounts to a systematic rejection of work permit applications filed on these grounds. If Algerian parents of French children currently try to remain in France in the particular case mentioned by Mr. Balladur, they do so illegally and cannot "obtain a residence permit to settle in France with their entire family."

Foreign Debt Analysis; Contributors Reticent

93AF0622C *Algiers LIBERTE in French 16 May 93 p 5*

[Article by Khaled Remouche: "Contributing to the Asphyxiation of Algeria?"; first paragraph is LIBERTE introduction]

[Text] Seventy-five percent of Algeria's receipts will be used to repay the debt. To cover the deficit, Algeria systematically resorts to foreign credit.

Should the loans flowing into Algeria from creditor nations be considered financial aid?

In 1993, Algeria will pay 9 billion dollars to service its debt while receipts of 11.5 to 12 billion dollars are forecast. Algeria is expected to import 7.5 to 8 billion dollars worth of goods in 1993. Consequently, to make up the deficit, Algeria must contract new debts. According to the National Planning Council, however, Algeria already has 5.8 billion dollars in credits, and will be able to close out the year of 1993 without serious financial difficulties.

But nearly all the loans that have been granted are trade credits, which actually work to promote the exports of the creditor nations. While most of these are medium-term loans, Algeria will have to pay what is considered a very

large amount of interest every year for the duration of the repayment period. "That is not aid," says a high-level finance official. Few loans are granted on concessional terms (which offer the advantageous conditions of a long repayment period and a low rate of interest).

What is more, the creditor nations have taken advantage of Algeria's indebtedness. Between 1988 and 1992, Algeria repaid 35 billion dollars, including 9 billion dollars in interest. While meeting its debt payments, Algeria has received only 25 billion in credit. This net outflow of resources means that Algeria is actually contributing to the enrichment of its creditors. The irony is that our country has always paid its debts without receiving easier access to credit.

Also to be noted are the delays in the disbursement of certain loans, such as the 1 billion dollars in credits approved by France. Political change in France is the cause of that delay, just as political instability in Italy has caused a postponement of the decision to free up Italian loans to Algeria. The Interministerial Committee [for External Economic Policy], CIPES, is to decide on loan approvals after it studies the report on Algeria, but the committee meeting originally scheduled for March has been postponed numerous times because of the political crisis in Italy, from a change of ministers to a change of government. "Four months have been lost as a result," confides Mr. Costa, director of the Italian trade delegation in Algeria.

In short, loan agreements do not always mean that funds will be made available immediately, and the delays in loan disbursements have resulted in shortages—in particular, a shortage of medicines. Months and even years may pass before a loan is disbursed; meanwhile, consumers face shortages of products and industries go without supplies. The availability of goods on the local market is highly dependent upon the availability of credit. The credits disbursed in 1992 and 1993 are essentially earmarked for the hydrocarbons enhancement program and for imports of consumer goods (food and medicines). The portion to be used for capital goods is minor. This means that Algeria has just enough to breathe a little. But during the second half of 1993, Algeria will experience supply problems, particularly in building materials.

The debt situation immobilizes production capacities (production units run at less-than-normal speed) and it also acts as a deterrent to investment. Consequently, the completion of production units is considerably delayed (due to difficulties in purchasing equipment) and pivotal projects are placed on hold (as in the case of the Bellara steel-making complex), causing problems in meeting the country's demand for widely consumed products.

As for the strategy used to mobilize financial resources, recourse to short-term credit—starting in 1986—caused a "ballooning" of the debt service, thereby heightening the country's difficulties. That is why the current government wants to monitor the level of indebtedness more closely. It intends to refuse all proposals of short-term credit and limit the proportion of trade credits in the total of loans it receives. The more advantageous multilateral loans (from the World Bank, the IMF, the EEC, etc.) will be sought.

instead, in order to loosen the financial vise. In addition, a refinancing of the debt and possibly bilateral renegotiation (with France, in particular) will be preferred, eliminating the alternative of rescheduling. With regard to multilateral loans, the main stumblingblock is to be found in the stance taken by the IMF. It is conditioning its approval of credits on the devaluation of the dinar and the liberalization of trade. The IMF's position is important in that a green light from the IMF will free up credits from other sources—the EEC, for example. According to the IMF's general manager, Mr. Camdessus, debt repayment is not a sufficient condition for loan approval. In his view, the adoption of a program of structural adjustment is what leads to easier access to credit. Algeria's main reason for refusing the IMF's recommendation of adopting a structural adjustment program is the risk of social unrest if the dinar were to be devalued again and if price subsidies for certain basic products were to be eliminated. Last, the IMF's position does not acknowledge the fact that loan approvals are determined more by politics than by economics. The loans recently awarded to Algeria are explained by a shift in Western attitudes. The Western countries are now determined to support Algeria in its battle against religious terrorism, which they now perceive to be a danger. But their support thus far is inadequate: Aside from the advantageous loans granted by the United States, Japan, and multilateral institutions like the World Bank, the limits of the financial commitments of the countries of the North are visible in the prevalence of trade credits and in the loan agreements on hold.

But the local environment is also to blame for the reluctance of the creditor nations, with its regulations that do little to attract private investment (whether foreign or domestic), bureaucratic obstacles, current political conditions, and the professional standards of loan recipients.

[Box, p 5]

Major Loan Agreements

In 1992, the United States granted a 500-million-dollar loan for food imports (purchased between September 1992 and September 1993). It is a medium-term loan under the GSM [expansion not given] program through which the U.S. Department of Agriculture promotes farm exports.

France approved credits totalling one billion dollars (6 billion French francs [Fr]) in 1993, as follows:

- Fr5 billion in trade credits (Fr1 billion for grain imports, Fr4 billion for purchases of capital goods and consumer goods); and
- Fr1 billion in balance-of-payments support.

The World Bank recently signed a loan agreement for 200 million dollars to finance the importation of building materials for 50,000 low-income housing units; it also approved a 40-million-dollar loan for the education sector.

The EEC signed a loan agreement with Algeria in 1991 for 400 million Ecus (510 million dollars). The first installment (150 million Ecus) has been disbursed. A second

installment of the same amount was frozen in 1992 when the democratic process was halted in Algeria. That installment has yet to be released.

As for governmental loans awarded this year, Turkey has approved 100 million dollars and Portugal 150 million dollars.

Italy signed a major loan agreement for 7.2 billion dollars in 1991. A sizeable portion of the funds have not yet been made available. Only 1.5 billion dollars are said to have disbursed (1.2 billion for reprofiling the debt and 0.3 billion in trade credits). The 4.5 billion dollars for the importation of Italian products have not yet been disbursed.

The Italian insurance company SACE, which has major commitments in Algeria (5,000 billion lire), is not willing to guarantee the loans. Italy recently granted Algeria an as yet undisclosed amount in loans guaranteed by the company. According to a member of the Italian trade delegation in Algiers, a trade credit of 300 million dollars is also available to Algeria in 1993. In addition, Algeria may have 500 to 600 million dollars available to it from Swiss financial companies with Italian capital.

IRAQ

Interview With Saddam Husayn's Sister

93AE0504C Baghdad ALIF BA' in Arabic
28 Apr 93 pp 8-9

[Interview With Siham Ibrahim al-Hasan, President Saddam Husayn's sister, by Rafal Isma'il; date and place not given: "ALIF BA' Gets First Exclusive Interview With Distinguished Mrs. Siham Ibrahim al-Hasan, Sister of Leader President"]

[Text] We see him now as we saw him as a child, overflowing with tenderness, love, and care for those around him. He is the source from which the family members, as well as all Iraqis, derive their will, determination, pride, and love for a life abounding with dignity and impregnability.

With these words, Mrs. Siham Ibrahim al-Hasan began her interview with ALIF BA' on the anniversary of heaven's gift to the Iraqis, embodied in the birth of our Leader President.

[Isma'il] We started by asking Umm 'Umar, who received us very warmly, about the significance of being the sister of Saddam Husayn, the unique historical leader. She said:

[al-Hasan] He is everything in my life. He isn't just a brother, but also father and friend. He is my hope and my entire life. Saddam Husayn hasn't been changed by power or by position and place. He is the same Saddam Husayn I have known from the time he was a child to this day. It is the same spirit, the same goodness, and the same kindness. Our fraternal relationship hasn't changed for a single moment and his care for us has never changed, whether before or after the blessed 1968 revolution. I will not hide from you that I feel proud and honored to have a brother who, since his tender years, has been able to make his way with his own effort and sweat and to shoulder the burden of the trust of leading the people and the nation.

[Isma'il] What about your relations with him?

[al-Hasan] He has respected and loved me since we were children. All the credit goes to his determination (and this is something that I will never forget) for my finishing my education. With his determination, I was able to stand fast. As you know, there were few schools in the countryside in the past and people didn't encourage their daughters to finish their education. But his benevolent spirit and his love of things good for all made him insist that I complete my studies.

Therefore, I will redeem him with everything dear and precious. I will redeem him with my children, my husband, and my life. He is the shelter for the family, as he is the shelter for all Iraqis and Arabs.

[Isma'il] What are the characteristics which you, as a family, considered to be particular to him?

[al-Hasan] Umm 'Umar [mother of 'Umar] smiled and said: He has loved horseback riding since he was a child and he learned horsemanship. I recall that he had a "young mare" on which he trained when he was a child. He loved that mare so much that when she became sick and died, Saddam himself became sick out of grief for her.

Another quality that distinguishes him is kindness. I also recall that my brothers and I were sick when we were young. He stayed with us and stayed up late hours of the night to make sure we were comfortable until we recovered fully.

Saddam is our brother and father, even when our late father (may God have mercy on him) was alive. He has had a strong and attractive personality since childhood.

Another thing I recall about his kindness and compassion is his determination to teach us, all my brothers and me, swimming at an early age. He took us to a river repeatedly and supported each of us with his hands until he was certain that we could rely on ourselves.

Another one of his qualities is that he keeps secrets very well and doesn't reveal a secret with which somebody has trusted him. Moreover, he is tolerant and forgiving. He harbors no rancor and no hostility for anybody. These are qualities that he has had since he was a child.

(Umm 'Umar recalls:) Sometime recently, we were talking about Bush and about his disgraceful acts against Iraq, and we were heaping our curses on him. Saddam didn't like this and he said: "Let him be. God will punish him."

What I and the family have also noticed about him is his love of reading and his ever-renewed desire to read since he was a child. Even then, he joined gatherings of grownups and expressed his opinion. What he said was so sound that his viewpoint was often embraced. Moreover, he has a sense of humor and high self-confidence. He is persistent and patient, even under the most trying conditions.

I recall when he took part in the attempt on 'Abd-al-Karim Qasim's life. He was sentenced and his picture was circulated in all areas, including our governorate. Saddam came to us while a search for him was going on very energetically.

He had a dinner which our mother had cooked for him and then proceeded to sleep soundly, as if nothing had happened. Meanwhile, we were very tense and concerned for him. So my father, may God have mercy upon his soul, woke Saddam up and told him: How can you sleep with the whole world turned against you? Saddam answered: It is one life and one God, and I will meet what is written for me even if I go into hiding for the rest of my life. Another thing that confirms his courage and proves that fear has no place in his heart is the fact that he proceeded from Jail No. 1 to take his exams and then went back to the jail. Not only this. He even attended a conference and returned to prison.

[Isma'il] How has he envisioned the future during his lengthy trip and since he joined the party?

[al-Hasan] He joined the Ba'th Party ranks when he was in intermediate school. I and all my brothers also joined him after he clarified to us his goals and what he aspired to accomplish. Since childhood, he has wanted to accomplish for the country something that safeguards it and preserves its dignity. From the start, he has sought what is good for all the Iraqis, not for himself.

What I recall about my relations with him is that he brought me from our governorate (Salah-al-Din), where we lived, to stay with him in Baghdad. I stayed next to him from 1963 to 1973. During that period, I helped in the upbringing of 'Udayy, Qusayy, Raghad, and Rana. This is why you find that my love for his children exceeds all bounds and that my relations with them are very distinguished.

I recall how I served him and extended to him a helping hand during his confidential struggle period. For example, prior to the 17-30 July revolution, he was the peasant cooperatives chairman and he met with farmers at his home every month. During those meetings, I provided all the food and drink they needed and didn't go to bed until the last farmer had departed.

[Isma'il] Who are the family members by whom he was influenced most strongly?

[al-Hasan] Hajj Ibrahim al-Hasan, my father, may God have mercy on him, and Hajj Khayrallah Talfah from whom Saddam learned a lot and whose instructions and advice he took.

Outside the family circle, he was influenced by past historical and political figures, such as Saladin al-Ayyubi, a historical commander.

As for his personal, social, and human relations with us, they haven't changed, whether before or after he became president, keeping in mind that he devotes greater attention to his relationship with the people than his relationship with the family and that he wants for every Iraqi citizen a prominent social position abounding with honor and impregnability.

Even though his meetings with the family have decreased since 1981, because of his concerns and of circumstances of the Iranian aggression against our country, which lasted eight years, we find that he is the closest to us whenever we need him. He always takes part in solving our problems.

[Isma'il] What is your feeling toward him at difficult moments?

[al-Hasan] At difficult moments, I find nothing before me other than the Koran from which I read some verses. I always pray for him and implore God to protect him from all evil. At such times, I wish I could redeem him with my life, my home, and everything I own, because my relationship with him is bigger than just a sister's relationship with her brother.

[Isma'il] How do you celebrate his birthday annually?

[al-Hasan] All of us, including my family and all my brothers and sisters, await his happy birthday very warmly and eagerly to express our feelings and to give him some simple presents that don't do him justice. But he always tells us, "One rose is enough." Ordinarily, the entire family celebrates the occasion together. It is a day that is dear to all.

Therefore, I cannot, on the occasion of his happy birthday, but wish him glory and dignity and implore God to protect him from all evil, to make all his steps successful, and to make victory his ally. This is what I ask for in every one of my prayers.

Here, the conversation with Umm 'Umar, our dear president's sister, ended. But the talk about the genius of a historical leader doesn't end and will never end. He is the source of inspiration for all the honorable pens that have said and will say a lot and that have written and will write a lot about Saddam Husayn, the leader and brother and the Iraqi citizens' main shelter.

Sabah Yasin on Role of Television, Its Impact

93AE0503A Baghdad ALIF BA' in Arabic 7 Apr 93 p 34

[Interview With Dr. Sabah Yasin by Khalidah Hasan; date and place not given]

[Text] Dr. Sabah Yasin has talked frankly about television problems and about radio deficiencies and difficulties. He hasn't tried to fabricate excuses but has put the details of the picture in front of us and left it to us to determine how delicate the situation is.

On coordination, which we said is lacking at times, Dr. Yasin said:

"Viewers generally believe that television is like a pretty woman at home. It is certain that such a woman isn't pretty at all times. Television transmits from nearly 1300 to a late hour of the night. It isn't possible that this long period of transmission is without coordination."

Dr. Yasin doesn't justify the constant retransmission of programs from time to time, saying:

"We have received nothing new for the past two years. This is why we are compelled to repeat at times. This condition is familiar in all countries of the world. But I do agree with you that we get programs confused at times as a result of well-known circumstances."

His reference to varied tastes is like touching a raw nerve. He said:

"There is a program called 'Diwan al-Rif' over which many disagree. Some praise it and consider it the best program offered by television, and there are those who have launched war against it. There are many tastes. Is it possible to please all? It is a difficult problem but we try sincerely to solve it.

"In my opinion, television's success isn't measured by satisfaction alone, but by meeting society's needs generally."

Regarding the near future, Dr. Sabah Yasin has said:

"There are three-month or six-month plans. These are subject to political tendencies and circumstances. The production of the programs in these plans is based on four mainstays: mobilization, quality, citizen guidance and fortification, and recreation and amusement.

"Regarding quality, we seek to make the citizen aware of the course of developments and to involve them in opinion formation. Fortification is important. The reason we seek to put it ahead of amusement and recreation is because it is more important."

On the mobilization programs, he has said:

"There is no comparison between political and developmental, and not even educational, programs, because mobilization programs encompass all of them. Within this context, this year's most important program is the 'Ever-Present Memory' which contributes a serious effort to focusing the citizen's attention on the causes of the evil aggression which started as of the 1968 revolution."

As for conveying Iraq's voice to the world, Dr. Sabah Yasin has said:

"We have beamed broadcasts. But the lack of some equipment has impeded the implementation of our drafted plan. Despite this, Iraqi capability has been able to implement it. This is what we have felt upon meeting with some Arab journalists who assert that our voice is heard and that it influences Arab and world public opinion."

[ALIF BA'] On the mention of equipment, you have said that there is a shortage of equipment. How will you overcome this shortage?

[Yasin] In two ways: First, rationalized use and consumption and constant maintenance, and, second, is reliance on the national effort to produce some of this equipment. Thankfully, the Military Industry Authority has manufactured some of the equipment, and we seek to develop this contribution so it will become greater.

[ALIF BA'] What about art and recreational programs?

[Yasin] There is a plan or a cycle to increase specialized television programs. We have started in two directions: First, children's programs and, second, attention devoted to governorate programs. In fact, this tendency has been apparent in recent pictured programs or dispatches. We hope that in 1993 television will be able to reach the farthest spot in the country to document its life and to discover the features of this life, and that it will not continue to be television for the capital only.

[ALIF BA'] Do you think that children's programs have taken their place or have they continued to fall short?

[Yasin] Recently, we have been inclined toward involving children for one hour in the children's television program, which is presented by children only. This is to help viewing children to emulate broadcasters, Koran readers, and other offered programs. We also seek to increase mobile programs that tour schools and kindergartens, in an endeavor to enhance the child's capability to produce his own programs. This is a new experience from which we are learning. In fact, we have children who can read as broadcasters with a courage that grownups don't possess.

[ALIF BA'] What have you prepared for radio in 1993?

[Yasin] Nearly the same plan and framework as in television. But generally, we try to devote attention to the international service and to beamed services. There is satisfaction with Baghdad Radio abroad. Radio can be controlled because its industry is, generally, easier than the television industry.

[ALIF BA'] Recently, successful Iraqi productions have been shown. What is the reason for their success: script, acting, production, or absence of the censor's scissors?

[Yasin] In television work, there is a coordinated effort. There is no censor's scissors. We are all producers and censors. Generally, without good script, there can be no good work. We lack good script.

[ALIF BA'] Some successful programs have been disappearing recently.

[Yasin] We are always eager for successful and prosperous programs, such as "Sports in a Week" and "Science for All," and some cultural programs. But the programs that have folded are those that flourish for a while and disappear for a while.

[ALIF BA'] Some colleague journalists have taken part in developing and presenting some programs, some of them successfully. Has journalistic experience been beneficial to them in this regard?

[Yasin] What you say is true. Television embraces any ability that these colleagues have. But television work requires professional knowledge, meaning that not every successful journalistic writer can be a successful television writer because [television] writing is a profession and a craft that has a certain method and a certain hue.

[ALIF BA'] Television offers few television films. What do you say?

[Yasin] This is not a crucial part of its concerns or of its priorities. It is the concern of the cinema and of movie makers. However, if we get an opportunity in this regard, we will have no objection.

[ALIF BA'] Our final question, and perhaps we have overburdened you with our questions, is an observation we have received from some viewers who prefer that periodic series be shown daily, and not as they are shown currently, so the viewer will remain interested. What do you say?

[Yasin] This is a good observation that I hear for the first time. I promise you that we will consider it. Note that radio and television doors are open to all opinions and observations, whether from the press or from viewers.

Islamic Bank of Iraq Begins Operation

93AE0502A Baghdad AL-THAWRAH in Arabic
26 Apr 93 p 4

[Article: "Islamic Investment and Development Bank Corporation of Iraq Inaugurated Under Leader President's Patronage"]

[Text] Under the patronage of Leader President Saddam Husayn, the Islamic Investment and Development Bank Corporation of Iraq was inaugurated yesterday. Leader President Saddam Husayn deputized Finance Minister Ahmad Husayn to inaugurate the corporation.

Upon the arrival of the representative of his excellency the president, the republican anthem was played, verses of the noble Koran were recited, and the opening verse of the Koran was read for the rest of the souls of all those who are nobler than we.

Ahmad Husayn delivered an address in which he said, "On the anniversary of his excellency the leader president's happy birthday, it is a source of pride for me to inaugurate this unique and pioneering financial institution in the financial market. It is a financial edifice that contributes to complementing and diversifying our existing financial institutions within the general framework of the financial, economic, and developmental policies embraced by Iraq."

Husayn noted that the Islamic Investment and Development Bank Corporation of Iraq is distinguished by being the first Iraqi financial institution which bases its transactions on the teachings of the tolerant Islamic shari'ah so it can channel savings and surplus liquidity and so it can contribute in its own way to enhancing the economic and social development process.

The minister stressed that Iraq had contributed to establishing the first Islamic bank whose creation was advocated by the Islamic states' finance ministers conference which convened in Al 'Awjah in January 1973. This is the Islamic Development Bank which launched its operation in October 1975. The creation of this bank was followed by the establishment of numerous Islamic banks in various countries. Therefore, the initiative which the founders of this bank embraced and for which they worked has found a proper climate embodied in implementation of resolution 205 of 1992 by the esteemed Revolution Command Council.

Afterward, Dr. 'Abd-al-Latif Humaym, chairman of the Executive Board of the Islamic Bank of Iraq, delivered an address in which he stressed that the foundation of the Islamic Bank of Iraq is a qualitative indicator of Iraq's economic development process because the bank is based on the Islamic economic theory and on its view of the importance of developing capital through various activities.

The representative of Leader President Saddam Husayn cut the ribbon, signaling the start of the bank's operation.

Prison Sentence Set for Buying Food at Higher Prices

93AE0504B Baghdad ALIF BA' in Arabic 7 Apr 93 p 6

[Article: "Six-Month Prison Term for Whoever Buys Foodstuffs for Prices Above Official Prices"]

[Text] An official source of the Interior Ministry has stated that any Iraqi citizen buying foodstuffs at prices higher than those set by the government exposes himself to a six-month prison term.

The source criticized the citizens' failure to cooperate with the control agencies and urged the citizens to report those who violate set prices.

This new measure seeks to deter citizens from buying foodstuffs at prices that exceed the price set by the government and to deter merchants from selling their goods at high prices.

Reported Opening of 17 New Companies

93AE0504A Baghdad ALIF BA' in Arabic 7 Apr 93 p 7

[Article: "Seventeen New Companies Founded"]

[Text] The Ministry of Trade has licensed 17 trade and industrial firms with a total capital of more than 2.5 million dinars.

Ministry sources have said that interest in founding companies reflects increased private investment in projects beneficial to the national economy generally. It also reflects the determination of Iraqis, including investors among, to stand fast in the face of the unjust blockade imposed on Iraq.

ISRAEL

U.S. Foreign Policy: Like Jurassic Park Dinosaur

93AA0110C Tel Aviv HA'ARETZ in Hebrew
16 Jun 93 p B1

[Article by Gid'on Samat]

[Text] After all the years of talk about American pressure, which has become a grinding routine, who would have believed that the need would arise to put pressure on the Americans? This bewildered giant is lumbering through the paths of world politics like a dinosaur from Spielberg's new film: sluggish, with a large body and a small head, against a background of threats looming from a changing world. With the approach of the 10th round of talks that began yesterday, the American colossus mouthed its usual platitudes. This time, however, it did not even dare to say that it is optimistic.

The United States lacks drive and is now weary of fulfilling its traditional role, whether in our negotiations with the Arabs or in any other important dispute. In a peculiar process that may be related to the dynamics of a large market without competitors, Washington is passive in the international arena more than it has ever been since World

War II. "What has happened to American foreign policy?" asked THE NEW YORK TIMES. "It was here just a moment ago."

Michael Mandelbaum, President Clinton's campaign adviser and a professor of international relations, clashed in the newspapers last week with Undersecretary of State Peter Tarnoff. The United States cannot afford to take a back seat in global affairs or it won't realize its goals, argued Mandelbaum. The undersecretary, in what has been called the "Tarnoff Doctrine," supported giving priority to economic interests. He then gave an affirmative answer to the question whether more people are dying in Bosnia because America is capable of doing more than it wants to. Thus, he joined the isolationist trend gaining ground among his nation's intellectual and political community: don't hunger to dive deeply into the world's mud.

This debate, which also symbolizes Clinton's shrinking profile in American public opinion, is liable to produce ruinous results for us. Yitzhaq Shamir can now pat himself on the back: the United States talks but does nothing, and instead of applying pressure abroad, it faces pressure at home. We have become so accustomed to flexing our muscles against the possibility of heavy American interference in the peace process that now, when Washington is stammering in confusion, there is no one on our side to tell her to pull herself together and push for decisions.

It is possible to regret this state of affairs, but one cannot be surprised by it. How can Rabin ask for a push if, according to all the signs, he is uncertain where he is going? In the dinosaur park, he keeps changing direction. The great and tightly guarded secret of how, in his opinion, to advance the process—he alone, without taking advice—the prime minister, it seems, is keeping even from himself. He suddenly announced last month that the level of American involvement must be raised. But when they proposed, for example, entering the negotiating room and taking part in the discussions, he said no. And the Americans, who really just want to take it easy, agreed with what looked like a sigh of relief. So much for the threat of pressure.

Every one of their feeble attempts to do something has been halfhearted or inept. Warren Christopher (he himself fears the traditional role of a peripatetic secretary of state) wanted Dan Kurtzer and Aaron Miller, experienced assistants who have been pressing for greater involvement to come here. But in the face of Israeli opposition, they stayed at home. To convince him, Israel enlisted the opinion of another Jewish official, Martin Indyk, the White House's adviser on Middle East affairs, who formerly worked with the AIPAC [American Israel Public Affairs Committee] lobby and holds a decidedly hawkish position. Indyk, together with [Samuel] Lewis, chief of the political planning branch (Shmu'el Levy, as 'Ezer Weizmann once called him), blocked the step.

This is how the idea of an "active partner," as the president described it, has been whittled away. For his advisers who oppose deeper involvement, it is easy to frighten him with the threat of conflict with the Jewish

community. This is an old but popular lie: for if the government puts in the effort and shows results, the Jews will go with him just as the street here would support bold moves if Rabin were capable or them.

When the Americans became involved more deeply and formulated a draft of a joint declaration of principles, their bleary eyes were too far off the ground. Displaying carelessness such as never occurred during the previous administration, they failed to notice that the balance between the parties' positions had been disturbed. And when the Palestinians delivered to them 10 questions in advance of the current round, they lacked the necessary insight to provide a creative reply.

Despite this chaos, there is no substitute for the Americans. Without them, the negotiations would sink into failure and tragedy. What's more, there is no other international conflict so ripe for solution and ready for one for so long. It is more difficult and dangerous for the Americans to deal with Bosnia and Somalia. By contrast, vigorous involvement in our issue—which has been high on the American agenda for many years—promises a success essential to an administration that has lost its self-confidence and its desire for the international game.

Accordingly, with the turn of the wheel, a small field animal like us has a reason to put pressure on a dinosaur, calling it to wake up. But do we really want it to take action? Would American resolve please Rabin? Is he ready for results?

Composition of PLO-Tunis Office Described

93AA0111A Tel Aviv HA'ARETZ in Hebrew
15 Jun 93 p B3

[Article by Dani Rubinstein]

[Text] PLO-Tunis is a bureaucracy of approximately 2,500 Palestinians. More than half of them work in the offices of the chairman (or the president, as his followers sometimes like to call him), Yasir 'Arafat. Some are advisers, clerks, guards, drivers, bookkeepers, or maintenance men. The rest work in the foreign affairs department headed by Faruq al-Qaddumi (Abu-Lutf), who also spends most of his time in Tunis—or in the economics department that Ahmad Quray' (Abu-'Ala') heads. Qaddumi and Quray' are members of the PLO's central committee.

On the surface, it seems a very easy thing to go there and visit them. There is direct telephone contact between Israel and Tunisia. You can get the telephone number from members of the Palestinian delegation in East Jerusalem and from many other people on the West Bank and Gaza. A date is set, and you are given the number of a flight that will be coming into Tunis from one of the capitals of Europe; when you arrive, a PLO representative is waiting for you at the airport in Tunis, and before you reach the passport checkpoint, he takes you to a room in the Tunisian security division. A PLO representative is on permanent duty at the airport. With relative ease, he identifies the visitors he has to help—not only those carrying Israeli passports, but also Palestinians who have no passports, or who are carrying travel passes of various types. In the

security department, the Tunisian security man takes the Israeli passport and writes on a little slip of paper: "Laissez Faire." This will remain in effect for a few days, and it will be your identity card as long as you are in Tunisia.

In reality, however, the process is a bit more complicated. You can sit by the telephone in Jerusalem for hours before you get through to the right person in Tunis. The lines are crossed, or the phone is busy. After the law forbidding meetings with members of the PLO was rescinded, the members of the East Jerusalem delegation had promised to arrange a visit for me in Tunis—but time was passing and nothing was happening. I finally telephoned 'Arafat's home, where he also has some of his offices. I spoke with his wife Soha, whom I knew when she was a child in Ram'alla in the 1970's, and also with her mother, Ramonda Tawil, a former Israeli who grew up in Acre. They transferred me to press secretary Ra'ida Taha, who set the date for the visit and the meeting with 'Arafat.

I tried to find old acquaintances: Israeli Arab students who studied with me at Hebrew University in the 1960's, and became members of the PLO; activists from the territories who were expelled in the 1970's; and Arab journalists who were expelled in the 1980's. Most of them are not there. Ilyas Shufani from Me'iliya, once a trainer at the University, joined the ranks of the Palestinians who rebelled against 'Arafat in the Lebanon War, and has been in Damascus for years now. Sabri Jurays from Pasota in the Galilee, the law professor at the university, lives in Cyprus now and runs the PLO's "Center for Palestinian Studies," which was moved to Nicosia after the expulsion from Beirut. Muhammad Milhim Sabri, former mayor of Hal-hul, lives in Amman. The author Faysal al-Hurani, who was born in Masmiya, is now in Vienna. Sayf al-Din al-Dirini from Nazareth actually is in Tunis, but he works in the Arab League offices, and it is hard to locate him.

PLO-Tunis consists mainly of 'Arafat's office and headquarters; the thousands of rank-and-file PLO activists are scattered all over the Arab states and the European countries. Most of the members of the executive committee, and those who run the rest of the institutions, live permanently in Amman. Others live in Cairo or Damascus. The diplomatic passport from Kuwait that veteran activist Khalid al-Hasan (Abu-Sa'id) held for more than 30 years has been revoked, and he now lies on a sick bed in Morocco. Financier Jawid Guseyn divides his time between London and Abu Dhabi. There are members of the PLO who have their families living in one country while they work in another.

There was a moment during the lengthy meeting with 'Arafat at which he stopped the discussion for a moment, turned dramatically to the advisers and aides in the room, and said: "Let each of them tell us now what passport he has." Ra'idah Taha, the press secretary, said: "Jordanian." Akhram Haniya, the young journalist and author expelled from Ram'alla five years ago, said that he has a Senegali passport. The photographer standing off to the side said he has a Lebanese laissez-passer. Zuhdi al-Tarazi, former PLO ambassador to the United Nations, has several South American passports. "And I have an Algerian passport,"

said 'Arafat. "This is the tragedy," he continued, "and it is real." Then he pointed to a piece of paper on his desk, and said that for a week he had been dealing with the problem of the Palestinian student who died in Moscow. The members of his family, most of whom live in the territories, did not succeed in getting permission from the Israeli authorities to bury him. As there was no place to bury him, 'Arafat pulled strings in high places and arranged a burial place for him in Jordan.

Mahmud Darwish, from the village of Birwa, which is destroyed now, but which once stood at the Ahihud crossroads in the Galilee, was also at the meeting. In the '1960's he was the most outstanding of the Israeli Arab poets, and almost every Palestinian child knows his song, "ID Card," by heart. Once editor of "AL-ITTIHAD," the communist journal in Haifa, he then left Israel, became a member of the executive committee of the PLO, and was appointed head of the department of higher education, culture, and heritage. For the past several years he has lived in Paris. I asked him if he would ever return to his family in the Galilee and his friends in Haifa. He believes he will. Like most Palestinians in Tunisia, he is a heavy smoker, and he sat at a distance from us because 'Arafat cannot stand smoke—he had a heart attack not long ago, and the doctor told him that smoking was shortening his life. Darwish asked, "Which side is it shortening it from, the beginning or the end?" In his opinion, the negotiations will go on for a long time, but in another year—or perhaps two—he will visit Haifa and the Galilee.

"We are sick and tired of all this—we all just want to go home," said Dr. Sami Muslim, director of 'Arafat's office. He is from the old city of Jerusalem, and has a degree in Chinese studies. All of them, from the bodyguards and drivers to political adviser Bassam Abu-Sharif, told us, "If they let me come back, I will come back right away." They will return even if it is to refugee camps: to Jabalya or Rafiah, to Dahaysha or Balata. Most of them have been over the same long, winding road: They grew up on the West Bank or Gaza, or in the refugee camps in Arab countries, and in their youth, after the Six-Day War, they joined the various PLO groups; were based in Jordan until they were defeated during "Black September" in 1970; moved their base to Lebanon until their expulsion from Beirut in 1982 and until they were driven out of there entirely in the rearguard battles against the Syrians in Tripoli in 1983. After that, they continued to wander. Some came to Tunisia with 'Arafat, others stayed a while in the Gulf states; in Saudi Arabia, Yemen, or Libya. No Arab country will let them stay permanently, not even Jordan. "The PLO is the only home I have," one of them said.

In Tunisia, they stand out as foreigners. The way they pronounce Arabic is different, and instantly recognizable. Unlike the Arabs of Tunisia, who are rooted in French culture, they do not know French. They are strange guests in this land on the North African coast where 3 million Germans and Scandinavians visit Tunisia as tourists every year. The Tunisian authorities are patient with them as

long as they do not disturb the crowds sunbathing on the beaches or the excited tourists who pour in on buses to visit the ruins at Carthage.

The day after the interview with 'Arafat, his office manager, Sami Muslim, called us at the hotel in central Tunis, and told us that he was sorry about this, but the Tunisian security authorities had made it clear our visit was over, and we could now leave the country. 'Arafat had already left and was on his way with his close aides to a meeting with King Husayn in Jordan. Late that same evening, we told Bassam Abu-Sharif that the Tunisian authorities considered our visit as guests of the PLO to be over. Abu-Sharif, a very diligent type, made an angry call to a senior official in the Tunisian government. After a short talk with him, he told us: "There are no problems. You can stay as long as you want." Later, we asked whether anyone from the PLO leadership was still in the city. Nobody was, and the next day we left too.

Rabin Urged To Include 'Arafat in Peace Talks

93AA0110D Tel Aviv HA'ARETZ in Hebrew
13 Jun 93 p B1

[Article by Gid'on Levy]

[Text] Two political interviews published last weekend air Minister Yosi Sarid's somewhat exaggerated opinion of last week that the political negotiations are "quivering with ripeness." Prime Minister Yitzhaq Rabin granted his first interview to AL-QUDS while Yasir 'Arafat was interviewed by HA'ARETZ. Close study of these two instructive interviews reveals a number of signs of this quivering ripeness for both men, although the signs also raise the question, in all its force, of Rabin's decree forbidding contact between him and the most promising partner now available in the arena. Rabin's own statements show increasing moderation and it is only his absolute ban on 'Arafat that, for some reason, he is unwilling to lift.

Friday's HA'ARETZ interview portrays 'Arafat in a highly pragmatic light as a moderate and pleasant man. Two reporters, Tzvi Barel and Dany Rubinstein, listened to him for four hours. The report they filed from Tunis paints a picture of someone ready to pay a heavy price in return for officially entering the negotiations. The 'Arafat of the Palestinian covenant and airplane hijackings surprises with his candor when he explains that he is seeking a certain foothold on the West Bank, through the "Gaza First" plan, only so that he will not be accused of selling it out. To public opinion in Israel, in fact, he says: Give me Gaza, which you don't know what to do with, throw in a small bonus such as Jericho and let me prove how effective a partner I can be. This is an innovation that we must cheer.

Rabin, too, has his surprises, from his willingness to be interviewed by Daud Kutab to the flexibility in a range of his positions appearing in AL-QUDS' interview. The prime minister is suddenly ready for the presence of American election observers in the territories and is even prepared to discuss the creation of Palestinian radio and

television stations. Israeli Channel 4 will broadcast proclamations of the Unified National Command while Channel 6 will play "My Homeland" [the Palestinian national anthem] at the top of the hit parade. This vision for the end of days was suggested by the prime minister, whose peace and quiet recently have been disturbed mostly by the settlers, not counting Shim'on Peres.

Not for nothing did the chairman of the Likud rail against the continuing erosion of Rabin's position. Indeed, Rabin's flexibility is particularly surprising in light of the conceptual mold to which he has held fast through most of his years of political activity. This is a prime minister who, at last, has something to talk about. Only the problem of with whom to talk still remains for him.

At the two ends of the Mediterranean Sea, therefore, sit two leaders without whose agreement no genuine settlement can be reached. Both of them also know that time is working against them. But Rabin persists in his refusal. As though nothing has changed in regional and international realities, or a dangerous fire isn't flickering in the territories, or Israeli public opinion hasn't shifted in some ways, Rabin stubbornly clings to his pathetic and anachronistic boycott of the PLO-Tunis. He blames 'Arafat for the failure of the peace talks, a sign of the decisive influence that he attributes to 'Arafat, while at the same time refusing to sit at the same table with him on the basis of a line of arguments whose logic is difficult to follow.

The main argument of most of our reasonable politicians against including 'Arafat in the negotiations used to be based on fear of Israeli public opinion. Peres and Eban, Bar'am and Ramon, knew that nothing would happen without 'Arafat, but they saw any contact with him as an act of political suicide. There is more than one sign that this picture has recently changed without anyone noticing: perhaps for the first time in the history of the state, Israeli public opinion is more willing than the country's leadership to make compromises. The ancient rejection of 'Arafat and the PLO also is not as solid as it used to be. One may suppose that no Israeli leader would lose so much as a hair from his head if, for example, he were to bring Israelis a serious agreement on Gaza first, even if the agreement were with 'Arafat.

After 26 years of occupation, more and more Israelis appreciate not only the need for political movement but also the decisive role that yesterday's "two-legged beast" will have to play in it. Rabin speaks moderation from Jerusalem, 'Arafat speaks openness from Tunis, both of them recognize each other's importance in the process and Rabin sends Faysal al-Husayni to Tunis to get still another green light. That green light, however, could have been much greener had the prime minister agreed to include 'Arafat and his organization within the terms of the negotiations. Israel has nothing to lose and the process would be opened to a new possibility. Reading the two weekend interviews, it is almost impossible to explain anymore why not.

Commentary Favors Direct Arab-Israeli Talks

93AA0112C Tel Aviv YEDI'OT AHARONOT in Hebrew
15 Jun 93 p 3

[Article by Yosi Olmert: "Somalia First"]

[Text] Another round of peace talks is coming, and the latest hit is: "Waiting for Clinton." In this matter we are in good company, because according to the surveys and press reports, the American people also are waiting for Clinton. The American President is up to his neck in his internal problems, and when he has the time to look out the window, he sees Bosnia, Somalia, Russia, Haiti, Cambodia, and more. These days, he finds it difficult to see precisely the Middle East, and it also seems that he is not making a special effort to find us on the map.

It is not worth viewing that as a blow to our collective ego, and even a chance telephone call from Warren Christopher to Yitzhak Rabin does not change much [sentence as published]. The present American administration is doing something that most Israeli governments could only dream about in the past. It really believes that it is necessary to conduct direct negotiations between Israel and the Arab sides, something that precisely Israel had traditionally insisted upon, and it is not eager to intervene in these negotiations.

It is clear why the Arabs are eager to get the Americans into the negotiations and at almost any price. They always recoiled from the need to sit face-to-face with us, and it is their expectation that the Americans will exert pressure on Israel in order to soften its positions, without them having to make any concessions of their own. It is not clear why the voices in Israel that are beseeching Clinton and his people to do something opposed to their natural inclination and also to the Israeli interest are multiplying.

Apparently there are those in the government who feel that despite all the Israeli concessions and gestures, there is no movement in the negotiations, as the Arabs always want more.

There is no need for the Americans in order to concede more to the Arabs. The government can do this on its own, but it is not sure about the response of the Israeli public. Therefore, there are those who prefer the pose of being compelled. To our good fortune, the Americans are not tempted to cooperate with our government on this subject. There are also in the present administration several policymakers who themselves experienced the hard way the wonders of the Middle Eastern diplomatic bazaar. They have already learned that massive intervention in negotiations is an entry into the unknown. You know how it begins, but you never know where it will end. An administration that is so battered in its own public opinion as the Clinton administration, prefers, therefore, to involve itself in problems where there is a big chance of solving them, and quickly.

Those who favor the American intervention are showering us regularly with the assertion that the present window of opportunity is very narrow, and we should hurry in order not to miss it. This assertion does not withstand the test of

reality. The present process has gone on continuously since March 1991, when James Baker began his shuttle trips. There is no guarantee that the various factors have all the time in the world, but if the process is serious and is based upon a real change in the positions of the sides, it is not to be expected that it will end in the short term of weeks or a few months. Whoever uses this empty threat shoots himself in the foot, and testifies to his own impatience and weakness.

Precisely the prime minister has changed the tone recently, and he is already not playing regularly with setting unrealistic timetables for the successful conclusion of the negotiations. It also would be worthwhile for him to stop toying with the illusion that the Americans will do the work for us, and that he pass this message on to some of his ministers.

'Arafat's Support of Confederation Viewed

93AA0112B Tel Aviv YEDI'OT AHARONOT in Hebrew
14 Jun 93 p 3

[Article by Tzvi Alpeleg: "Confederation First"]

[Text] The news item that 'Arafat approached King Husayn with a proposal to move up the establishment of a confederation between the territories and Jordan is important tidings for the three original sides to the conflict: Israel, the Palestinians, and Jordan. The news item, whose source is in unofficial circles in Jordan, has not yet been confirmed officially, but there are indications that the confederation, which had in the past aroused the ire of several PLO leaders, has become an idea that almost everyone supports.

Why is that important?

It is important because a confederation between Jordan and the territories derives, naturally, from the demographic reality on both sides of the Jordan. Most of the Palestinian people (about two-thirds) lives on both the banks, and any solution here will of necessity have an impact there. It is easy to imagine the ferment that is liable to develop among the Palestinians in Jordan as a result of the formation of a political entity in the West Bank. It would then be reasonable for the king to seek to save his regime by taking more extreme positions against Israel and diverting the anger towards it.

It is important, because without a federative arrangement with Jordan, the Palestinians will have about 6,000 square [sq] km—out of approximately 27,000 of historical Eretz-Yisra'el—with all of the frustration that will accompany that. But a Palestinian-Jordanian entity would cover approximately 96,000 sq km.

And it is important also because the Jordanian regime is not only a stable factor (Husayn has been sitting on his seat for 40 years), and not only an intelligent regime (in recent years, Jordan has gone through an admirable process of democratization), but mainly because the king has a sense of political realism and the courage to follow his instincts.

There will be those who will say: he is an opportunist, these are zigzags. But look at the political wisdom: until 1967,

the *raison d'être* of his regime was the assimilation of the Palestinians into the kingdom and into Jordanian society. When the West Bank was conquered by Israel, he did everything possible in order to reestablish the status quo ante by diplomatic means. But when he realized that the status quo ante could not be attained, on 15 May 1972 he raised the idea of a federation between the two banks—with two legislatures, two judicial systems, etc. The king realized that it would not be possible to return the Palestinians to the framework of the absolute monarchy, and in fact offered them partial satisfaction of their national aspirations by giving up part of his crown.

But at that time, in 1972, he aroused everyone against him: the Palestinians called him a traitor, and he was outlawed by the Arab world, and the government of Golda Me'ir mocked him, and the Knesset rejected his plan outright.

Years passed, reality changed, and the PLO, which had in recent years asserted demonstratively: first a state, and only afterwards a confederation, felt a need (and, it must be said, also the courage) to change direction. It may also be that 'Arafat is acting out of weakness. Perhaps out of fear of the strengthening of the religious option. But that still does not mean that the direction is bad for Israel.

They say that Husayn rejected 'Arafat's approach regarding the confederation until the territories return "to a situation of stability and normalization." Perhaps he really fears that the intifadah will spill into his realm—after all, this fear was the reason for the decision to break away from the territories in July 1988—but, in the long run, the link between the banks is a condition for stability and normalization.

Rabin's Reform of Defense Budget Analyzed

93AA0090B Tel Aviv HA'ARETZ in Hebrew
30 May 93 p B1

[Article by A. Ben: "The Limits of Authority"]

[Text] The decision of Prime Minister and Defense Minister Yitzhaq Rabin to examine changes in the method of administration of the defense budget is the first and important step on the road to an essential reform in the control over the biggest segment of the government budget and in resurveying the limits of authority and responsibility between the Israel Defense Forces (IDF) and the civilian arm of the defense system.

Rabin decided on a check after data were presented to him regarding a distorted utilization of the budget: In the last decade, the wages and service conditions sections of those serving in the regular IDF forces have become inflated and, since the general budget has not increased, the increase in wages was financed by the decrease in equipment orders and development by the defense industries. The Plumin Committee, which examined the system of defense acquisitions, also has determined that the IDF has failed in the administration of essential development and equipment programs, and their budgets were diverted to finance current expenses.

A clear example of "eating up" budgets that were designated for intensification is the fate of the Lavi' project, after it was halted in 1987. The Lavi' funds were under the control of a central administration that operated in the Defense Ministry. When the project was halted, the funds were transferred to the control of arms of the IDF, and were designated to finance an alternate development and equipment program of sophisticated combat means ("Lavi' alternate"). But, after a few months, the intifadah broke out, many funds were made available to finance military operations in the territories, and the extent of investments in research and development was reduced. The defense system also did not maintain a control and follow-up of utilization of the funds that were diverted from the Lavi' project.

The system of administration of the defense budget does not enable adequate control over utilization of the enormous financial resources that the state puts at the disposal of the defense system. The budget books only partially reflect the military action. Finance Committee Chairman, Member of Knesset (MK) Gedaliya Gal, complained not long ago to the Defense Minister about the lack of clarity of the defense budget, and demanded that the data be presently to him clearly.

The law and the internal procedures place the general responsibility for the defense budget and its implementation on the director-general of the Defense Ministry. The budget branch of the Defense Ministry allots the overwhelming majority of the budget to various branches of the IDF—the air force, navy, the MAFHASH [expansion not given], storekeeping, and intelligence. In actuality, the branches enjoy great freedom of action in allotting the reserves, and the Defense Ministry has but little influence over their utilization.

In recent years, the Defense Ministry has been striving to strengthen its influence over the administration of the budget, especially since the Rami Dotan episode, which revealed the weakness of the civilian echelon opposite the IDF. Dotan did as he pleased with the purchasing budgets of the air force, and members of the Defense Ministry served as a rubber stamp for him.

Among the IDF leadership, it is thought that control over the administration of the budget must remain in military hands. The chief of staff bears the responsibility for the country's defense and dictates the order of preferences in building up the military force, and, therefore, the instruments for making a decision, among them the budget inputs, must be under his control. In accordance with this perception, the Defense Ministry is the technical-administrative body that is designated to provide the IDF with acquisitions services and the signing of contracts with suppliers.

In the Defense Ministry, it is claimed that, in contrast with them, the military is subject to pressures of the current defense and is not made to administer long-range development and equipment programs. The chief of staff and the generals wait for three to four years and want to obtain fast results during the period of their tenure, while the

development of weapons systems takes 10 to 15 years. According to the "civilian approach," senior officers are not experts in budgets and economics, and they must concentrate on their professional, military areas of expertise and leave the civilians to deal with money.

The debate between the two approaches heated up after the appointment of Ehud Barak as chief of staff, on the background of his refusal to include members of the Defense Ministry in crystallizing the multiyear plan. His position was met with the forceful opposition of the director-general of the Defense Ministry, David 'Ivri. They exchanged harsh letters, and the defense minister at that time, Moshe Arens, made a determination in the dispute in favor of 'Ivri. Since then, ministry representatives have been included in the preparation of the multiyear plan and its updates.

Arens also supported effecting the Plumin Committee's recommendation to transfer control over the budgets for large programs of research and equipping from IDF branches to central administrations in the Defense Ministry. A change in ministers curbed the change: In the Defense Ministry, a draft of the procedure to implement the recommendation was prepared, the IDF objected, and Rabin did not bring the matter up for discussion.

The current review does not examine the budget's procedure authorizations, and it will not determine who will control the money. The internal committee, headed by the financial adviser to the chief of staff, and the head of the budget branch in the Defense Ministry, Brigadier General Mikha'el Navon, have been charged with trying a new administrative system, which will make it possible to distinguish between the budgets designated for objectives such as intensification, wages, maintenance and training, so that the budget will reflect the activity of the military, and the decisionmakers will have better tools for control. A similar distinction by objectives, albeit partial, has already been conducted—in the wake of the Dotan episode—in relation to the utilization of the military aid budgets from the United States.

The development of the new budgeting tools is connected with methodological problems with which the committee will contend, such as distinguishing between the consumption of spare parts that were designated for current maintenance and spare parts that were purchased in the framework of initial equipment (intensification), which, today are allocated from separate articles of gasoline, ammunition, spare parts, and other means, which were also designated for other objectives.

Budgeting by objectives, if it is conducted in the defense system, will enable, in the future, allocating separate budget frameworks to military branches for purposes of intensification and for current expenses, and thus the undesirable phenomenon of transferring resources for salary payments and current expenses will be reduced. In a period in which the defense system has struggled to preserve its budgets after the peace agreements, reform in budget administration is twice as importance.

Settlement on Green Line Criticized

93AA0102A Tel Aviv YEDI'OT AHARONOT in Hebrew
2 Jun 93 p 3

[Commentary by Ron Briman, a member of the board of directors of the Association of Professors and Lecturers for Political and Economic Self-Sufficiency; "Fair Marketing of the Peace Process"]

[Text] There have been many advertisements in the papers recently, calling on the public to buy houses and apartments in the new suburbs of Tel Aviv, Kfar Saba', and Rosh Ha'ayin. A few of these advertisements do mention that these potential acquisitions are "within the Green Line." In none of them, however, does it say that the construction is in fact going up right next to the "Green Line." That is, that what we are actually talking about here are settlements right outside Hirvata' and Qalqiliyah. How many of the potential settlers are aware that the "peace process" is liable to turn them into residents of border areas?

A government that is working so hard to win the trust of its enemies and to strengthen their representatives should also try to build up some trust among the Jews. It should explain openly to hundreds of thousands of Israelis that the price of "peace" includes turning many settlements in the heart of the country into settlements on the confrontation line, like Kiryat Shmone and Naharia in the north—but with no security zone. This is also exactly what has to be made clear to potential investors in the "Hotze Israel" highway: that what it means, basically, is a major traffic artery dangerously near the border.

At a time when the Israeli public is hearing about ambushes and preventive actions on the northern border, it should also be given information about the constant security activity that will be necessary if the line of the border again licks the edges of Gush Dan. The settlers should also be reminded that the autonomy police will not thwart the terrorists, and that, therefore, they themselves will have to actively participate in the protection of their settlements. What it comes down to is fair marketing: helping the customer become informed.

Russian Roulette, Suicidal Tendencies in IDF

93AA0092B Tel Aviv YEDI'OT AHARONOT (Weekend Supplement) in Hebrew 4 Jun 93 pp 1-3, 29

[Article by 'Anat Tal-Shir and Ari'ela Ringel-Hoffman: "Games of Death"]

[Text] Three fighters shot themselves in the past two weeks. The case of Ilyas 'Alimi from Nazareth, this Sunday, was the latest one. A preliminary investigation indicated that this involved a more advanced version of the games known up to now. Not exactly Russian roulette, not Itzik's game, but what is called "Improved Itzik."

Private Ilyas 'Alimi, aged 21, was inducted into the IDF nine months ago. He volunteered for Giv'ati, went through the regular course, and was sent to the medics course. He was enthusiastic and active, and the comrades who were

with him in the course say that he sought "action." On the night between Shabbat and Sunday, he finished guard duty and returned to his room.

The hour was 0130, and no one will ever know what went on in his mind in those minutes. He loaded a magazine of alternating "live" and "dead" bullets, and charged the weapon in the room and aimed at one of the soldiers.

At that stage, perhaps, someone could have done something. To stop the finger on the trigger. But the soldiers, as it emerges from his comrades' words, shouted at him to move the barrel. 'Alimi turned the weapon upright, pushed it into his mouth, and squeezed the trigger. A matter only of luck. Fifty percent chance of coming out alive. Fifty percent risk of getting killed.

They buried 'Alimi in the cemetery in Nazareth, a member of his family spoke about the relaxation of discipline in the IDF. And 'Alimi's live bullet pushed the subject into the headlines.

A group of cases, against the background of the chain of recent accidents in the IDF, causes the impression that a new evil sickness is involved. Something like a wave of catastrophic weapons games that is sweeping the army. The conspiracy of silence that shrouds the games intensified the terrible feeling around the subject. The games, it turns out, occurred mainly at night, among the tents or near the guard positions, far from the commanders' eyes. Soldiers, including those who refused to participate in them, kept the story secret. A twisted ethical code convinced them that snitching is worse than saving a potential victim.

In the army, they are speaking of a marginal phenomenon. They rely on the fact that in the past 10 years, 10 soldiers were killed. Six of them in the last 15 months. Three of the six—in these two weeks. These data do not in themselves indicate the extent of the phenomenon, for it is difficult to estimate how many soldiers are involved in the games, and how many times the thing was repeated until the tragedy. However, the professionals estimate that a small number of isolated cases is indeed involved, which come in waves of two to three, each one feeding on the previous one.

Even though the phenomenon is rare, the army began an intensive campaign last week. That is the strength of the tragic combination of cases, said a senior officer this week, even though there is no doubt that the phenomenon must be dealt with.

[boxed material]

Five Years, 8 Killed

AUGUST '88. Ehud Nissim, a fighter in Givati, was killed in a weapon game. He did not want to participate in the dangerous game and tried to leave the room. The bullet struck him before he could leave. The shooter, Alon Roth, was convicted of negligent manslaughter, and was sentenced to three years imprisonment.

27 APRIL '89. Gil'ad Bar Yohay, a policeman in the Central Unit of Haifa Police, was killed during a weapon game with a friend in the National Police Academy. His

comrades called him "Rambo," because he was considered to be the fastest draw in the department.

27 MAY '92. Ehud Berman, a fighter in the Arab masqueraders unit, played with a pistol, aimed it at his head, and squeezed the trigger. Something went wrong, the magazine did not fall out, and the bullet was fired. Two soldiers who were with him in the room were expelled from the unit because they did not report [it] to their commanders. They were not put on trial.

21 JULY '92. Net roulette in the control tower at Hatzetim. Amir Melet was killed and Lilah Bar-Natan was injured seriously. Lieutenant No'ah Turner, according to the testimony, gave the order to raise the net. The supervisor in the tower raised the net. The two soldiers were hanging on the cable of the net for stopping airplanes. Melet and Bar-Natan were shaken about, released from the net—and landed on the runway from a height of 7 meters.

The report of the investigation cited testimony according to which net roulette had been played at the base at least three times. Social pressure, it emerges from the testimony, was exerted on whoever refused to participate in the game. The indictments were submitted against three officers who were involved in the disastrous incident. The trial is not yet over.

15 AUGUST '92. Ofir Nazar, who served in an Engineering Corps base, was killed on guard duty in a game of "soldier and prisoner." Nazar and his comrade, Tzvi Salomon, played with their weapons. Soldiers who saw what happened said that Nazar wanted to play and that he said to Salomon, "You are my prisoner." A bullet from Salomon's weapon struck Nazar in the heart.

Salomon was convicted of manslaughter and was sentenced to four years' imprisonment.

22 MAY '93. Ofer Ari'eli, a medic in the paratroops, was serving in Lebanon, played a game of Itzik, and was killed. The investigation found that Ari'eli charged his weapon, and a bullet was released from the rifle that was held against his neck. Ari'eli was a veteran sergeant. A preliminary investigation showed that there was testimony according to which he had played the Itzik game at least once previously.

28 MAY '93. Gey Malihi, a soldier in the military police, played the Itzik game with two soldiers during a guard-duty assignment in the Hadar-Beytar settlement in the West Bank. According to the investigation, a soldier by the name of Yariv Novik fired as part of the game and killed Malihi. Novik, an investigator in the military police, was arrested for interrogation.

30 MAY '93. Eli'as 'Alimi, a participant in a medics course, a Christian resident of Nazareth, volunteered for Giv'ati. On a security assignment in Camp Ofer in the Central Command, he played with his weapon, charged it—and shot into his mouth. [end of box]

The major general of the Central Command, Nehemya Tamri, held a command safety conference on Monday. The last three incidents of the death games, it should be

noted, occurred in his command. All the senior officers from the rank of lieutenant colonel up to division commanders were present. Tamri, a restrained and precise man, opened the discussion. We have gathered, he said, to learn about the failures in training and in operations.

The safety officer, Lt. Col. S., presented the statistics of the previous year, and spoke about the significant increase in the illegal use of weapons. A general definition, which includes the death games. The conclusions of the conference were telexed to the commands, and were accompanied, in several cases, by detailed instructions over the telephone. I do not want there to be one soldier in the field whom the message will not reach, said the major general.

The Knesset Foreign Affairs and Defense Committee called a special meeting for Tuesday on the subject of the accidents and the death games. At that meeting, when the demand was made that the State Controller Miryam Ben-Porat investigate the accidents, the death games also were noted. Yitzhak Rabin said that it is terrible, and that commanders must encourage the soldiers to report the games.

The same day, a well-formulated letter from Chief of Staff Ehud Barak was transmitted to the entire army: "These serious behaviors," wrote the chief of staff, "even if they are exceptions, require all of us to intervene, to act for the cessation of any kind of dangerous games, at any time, anywhere."

President Ezer Weizman hosted in his office fighters of Golani who had completed a sweaty race of tens of kilometers, and said: "take care of yourselves 24 hours a day. You received a rifle, you did not fire it previously, it is a deadly and dangerous weapon if you do not treat it properly. If you treat it properly, it is your best friend." Lt. Col. K. from Golani spoke about "mutual responsibility for a comrade. If a soldier sees his comrade playing with a weapon, he must report that." It is an order, he said, not a request.

Military Police Investigations continued the investigations of the incidents. Soldiers who knew and did not warn in time were called to testify before the investigators. Ofer Ari'eli, it was found, had already played at risk to his life. At least once. Ali'as 'Alimi, as well. The picture that emerged this week, in the offices of Military Police Investigations—its details are not yet complete—is not simple.

One of the proposals that was offered this week following the information that accumulated referred to placing on trial someone who knew but did not report. If someone used a weapon illegally, it must be reported, said a professional, just like it is a duty to report on drug use or on a theft.

Six days have passed since the petition of "The Heart" ("Parents for Their Sons"), which arose this week due to the great fear for the boys who are serving in combat units and those who are about to be inducted. Another meeting was held in Yokne'am, of bereaved parents, who lost their sons in accidents in the IDF. They demanded that the investigation of accidents in which there are deaths be

taken away from the IDF. Among those speaking there was Shulamit Melet, whose son, Amir Melet, was killed in the net roulette in the Air Force in July 1992.

Thirty years ago, in the paratroops, whoever threw a commando knife at a eucalyptus tree was put on trial. For a magazine that was inserted in a rifle within a tent, they got 30 days confinement to base. A grenade that was left in a vest sent the holder to a week's imprisonment. A weapon, said a senior officer who completed basic training about 20 years ago, was a tool of which you had to beware. Today, he said, a weapon is emotion.

Moreover, a reserve major general says that the issue is distorted behavioral patterns that are characteristic of an army that has been fighting guerillas for a long time. A veteran infantry officer says that the present generation of soldiers has a different set of concepts: the weapon is "their friend." It saves them in Lebanon, it protects them in the territories. It protects from knifery and terrorists. Skilled use of it is a challenge, not merely a functional need.

In one of the reviews, following a game of Itzik that ended in a death, a mental health officer says that the youths said they were immune, nothing could happen to them.

The public, the professionals add, is not only an active participant in the spectacle. It is a necessary participant. Without it, there would be no game. The game needs the applause, seeks to see the expression of dismay on the faces of the onlookers. Ali'as 'Alimi also, according to the testimony, played with other soldiers, went to his room, and still had two soldiers near him who saw what was happening.

Ehud Berman was 21 years old when he put a bullet into his head in a game of Itzik in April 1992. Already not a child, says No'am Berman, his elder brother. The investigation by Military Police Investigations confirmed the facts that became known immediately after his death. Two comrades were in the room. One was writing a letter, the other was reading a book. Berman shoved a magazine into the pistol, released it, squeezed the trigger. If everything had happened as he thought it would, the bullet would not have made it into the chamber.

The parents, Hanita and Vinni Berman, did not demand the dismissal of the unit's commander. In their opinion, the comrades who saw and did not prevent it also should not be punished. Berman was then in the "Shimshon" Arab masqueraders unit. Psychologists were rushed to the unit immediately after the incident. Outside of the army, they spoke of pressure, the disregard for human lives, that was born in the alleys of Gaza. Udi was an adventurer by nature, said No'am Berman this week. He climbed mountains and went skindiving in the sea, he rode a motorcycle, and he was convinced that he would drop the magazine in time before the bullet would enter the chamber of the pistol. He had a superb command of the weapon. He was a professional, and he had no doubt that nothing would happen to him.

From a vantage point in time, it turns out that we are talking about a trip of two weeks. About an obsessive

involvement with the game of Itzik. The comrades knew, but, says No'am Berman, they did not yet know that it is easier to snitch to the commander than to tell the parents afterwards what exactly happened there.

The Berman family knows that the son learned the game in the army. Someone showed him how to do it. They also know that he was not the first or the only one in the unit who played the game. But they know as well that he had passed the age of 18. That he was an intelligent and capable youth and knew what he was doing.

They did not join any of the parents' organizations that sprang up recently. The army, says No'am, must take care that whoever receives a pistol will use it properly. It must confirm that commanders know what is happening near them. That it be made clear to the soldiers what one does not snitch about and what must be reported. But, he says, whoever puts the blame only on the army is doing something pointless. Whoever wants to solve the problem must think farther and deeper. The home is part of the educational system, so the solution is also in the home. There is a difference, says the bereaved brother, between the responsibility of the commander for the two soldiers who became dehydrated on a march and the responsibility of the army for a soldier who decides to play a game of death.

'Amos Yaron, a reserve major general, who was chief of the Manpower Branch: "A soldier sits in a tent and he feels like playing. How can you prevent that? What do you want from his commanders? In other armies it is customary to give weapons without bullets or magazines. Clearly, this is not possible in the IDF."

The awareness of the danger, says reserve Col. Shlomo Dover, exists, and therefore the games are played in secret. There is a group dynamic that encourages this, says Dover, and there is also social pressure. Studies prove that the pressure works on two-thirds of the youths.

I expect of a commander to know what is happening in his unit, says Dover. If he finds that his soldiers are exchanging socks, then he certainly must know whether they are playing games with weapons in the tents. Dover says that soldiers who knew and did not report must be punished, just as the soldier who participated in the game must be punished. He demands that the parents be involved, not to place the entire responsibility on the army. "If thousands of parents would discuss with their sons what is going on in the units, if they would participate in inculcating values, it would be an efficient contribution to the war on the phenomenon."

Psychologists suggest that the aura of courage be removed from these games. A soldier who does not want to snitch, says one of them, must say: "I do not agree to participate in this game," get up, and leave the room.

The cursed month of May, says a soldier in an elite unit. The accident in Lebanon, the stupid games. Sometimes it is difficult to separate the events. They talk about everything as if it were one big swamp, in which the entire army is sinking.

A safety officer said this week: I do not deal with probabilities and with guesses as to the extent of the phenomenon. I am taking care of what happened. We are now in the midst of a process of examining and formulating a policy.

The time has come, says a senior officer, that we say what truly has to be said also at the graves of the dead. How serious and stupid the act was.

Photo Captions [p 2, clockwise from top for roulette wheel photo (not reproduced)]

Itzik's Game

Can be played with an M-16 rifle, small Galil, or with pistols. The bolt is drawn. The safety catch and the magazine release are pressed simultaneously. The barrel is placed against the head and the trigger is squeezed: the magazine falls out—you won, the bullet is in the chamber—a bitter end.

Russian Roulette

Only a revolver is used. One live bullet in the drum, out of six in the chambers. You spin, close, and squeeze the trigger. If the bullet is "on duty," you are killed.

Prisoner and Soldier

The "prisoner" is degraded, and he is forced to carry out the wishes of the "captor," under threats with a weapon, while the barrel is directed at him.

Net Roulette

A group game. One or several soldiers hold a net that is meant to halt planes that land. In the control tower, they raise the net to a perpendicular position. The idea is not to let go. [end captions]

Dov Lautman on Industrial Growth, Regional Trade

93AA0110B Tel Aviv HA'ARETZ in Hebrew
15 Jun 93 p C1

[Interview with Dov Lautman, outgoing president of the Industrialists Association, by Avi Schubert; place and date not given; first two paragraphs are HA'ARETZ introduction]

[Text] The end of this month will mark the end of seven years during which Dov Lautman served as president of the Industrialists Association. During his term of service, it is believed, he has strengthened both industry and the association's position. Lautman is identified with the Labor Party's views and is very close to Prime Minister Yitzhak Rabin. In past years, he took stands more than once against the economic policies of the Likud government, which he attacked without mincing words.

Lautman is to be replaced by Dan Proper, the CEO of Osem, who, in light of the differences between the two industrialists, apparently will bring changes in emphasis as well. Lautman is the owner and CEO of Delta, which makes textiles, mostly for export, while Proper is the owner and CEO of Osem, which makes food, primarily for domestic consumption. What they have in common is

their engagement in basic, unsophisticated industry—very unlike high-tech—which is not to suggest that one is more important than the other.

[Schubert] How would you sum up your term in office as president of the Industrialists Association?

[Lautman] That's too long a time to be summed up in a few sentences. Still, if I had to point to the most essential thing that has happened in the association, I would say that we have put exports on the map on a scale unlike what they were seven years ago. It's clear today to nearly everyone that growth depends on development and globalization, and that creation of local industrial jobs is almost the sole condition for reducing unemployment and boosting immigration. I include in that tourism and agriculture, any sector that knows how to export and meet competition from imports. That was the central issue that we dealt with over the years.

[Schubert] Do you think the new president is likely to change the association's policy?

[Lautman] I don't believe that the president dictates policy. Economic and political experts do that. It is undisputed today, among both economists and politicians, that growth in the local markets is limited. Opening the markets to competition requires growth in exports. Because the world's markets are very big, the export market, theoretically, is unlimited. That is the only path to fostering growth.

I don't think this is a matter of personalities. We dealt with this not because the factory that I run is export oriented but because it is the way to promote growth. This isn't to say that industries that compete in the local market are less important. Nor is it to say that it's possible to create export markets without an infrastructure in the local market. But the question of how to break through to exports at much greater rates of growth will occupy Israeli industry in the future, perhaps more so than today.

I believe that we must set a goal of 15 percent annual growth in exports. That is a goal we can meet if all of us work at it. When I say all of us, I mean the government, the services and industry. The government in all its spheres—including trade agreements and diplomatic ties. And of course, peace can bring a positive revolution. But even under current conditions, it's possible to reach export rates like these. In southeast Asia and eastern Europe, we've developed markets that didn't exist two or three years ago.

The thing that was done during my term and which I feel will leave its mark more than anything else is "Think Industry," the education project for industry. We began working in schools five years ago with hundreds of volunteers, industrial managers and engineers working in industry. The project is beginning to bear fruit, but it may be another 10 years, when the schools teach industry, management and entrepreneurship, before we harvest the real fruits.

[Schubert] What stance do you take towards the government's economic policy?

[Lautman] I think there is more awareness today of the importance of industry in achieving the goals of Israel's economy and society, which are, primarily, immigration and absorption. We hear the prime minister speaking about that. We see the foreign minister dealing with economic matters and trade in his travels. The Treasury and the Ministry of Industry and Trade have taken some actions that undoubtedly have improved industry's ability to compete. I would like to see even more action. I hope they'll put their foot on the pedal and ease up on the brakes.

[Schubert] If you were to compare the current government with its predecessor, what would be the result?

[Lautman] I don't compare governments. I compare time periods and issues. I don't hand out grades to governments.

[Schubert] But you gave grades in the past, to former Finance Minister Moshe Nisim, for example.

[Lautman] I also gave good marks. For instance, when they improved the law for encouraging capital investment, I gave good marks to ministers in another government. And when I thought there had been a change in policy three years ago, I applauded that. But when the policy became unstable, and our ability to compete declined, I also had something to say. The same goes for this government.

[Schubert] By comparison to the time when Moshe Nisim served as finance minister, are you as critical today?

[Lautman] It isn't useful to compare finance ministers.

[Schubert] But you had more complaints when Nisim was minister....

[Lautman] I had serious complaints about policy. I never had any serious complaints about the finance minister personally. I had complaints about the policy dictated by him, the Bank of Israel and the combination they formed.

I believe there was a time when very grave mistakes were made regarding industry profitability and exports. They tried to prop up the economy on industry's back. In my opinion, it was possible to strengthen the economy without harming industry. We might even have been in a better employment situation today if a more balanced policy had been pursued during those years.

[Schubert] Many people argue in reply to industrialists like you that you invest more effort in petitioning government offices than you do in labor.

[Lautman] I think that if there is one actor in the economy that has increased productivity and improved its ability to compete, it's industry. The reason is that industry, tourism and some other services are the only ones that have to face competition from the rest of the world. All other sectors compete against one another but not against the world.

Whoever thinks that industrialists work on the government and not on the lathe should look more deeply into the economy and economics so he can see who it is that makes the real contributions to the balance of payments in Israel and to employment. Don't forget that without exports, it

would be impossible to maintain our standard of living. The time has come for people to realize that it's impossible to depend forever on American foreign aid. We have to boost exports and create jobs, not just raise imports.

[Schubert] Are you against opening up the market?

[Lautman] We've always been for opening up the market through mutual agreements. It's unthinkable that we should open ourselves to countries that are unwilling to trade with us. It's unthinkable that we should behave according to norms different from those followed in the western world. In general, however, it's clear that the process of opening is for the good, and I believe that industry knows how to deal with it—on condition that it's done wisely and as it's usually done throughout the Western world.

[Schubert] While you've been president, your association has often released assessments that were not accurate and painted a picture much worse than reality.

[Lautman] I don't think that's correct. I believe our evaluations have been extremely accurate. A survey we did of everyone, including the banks and the Bank of Israel, showed that the assessments of the Industrialists Association's economics department were the most accurate of all. The Association was the only one to predict at the start of 1992 that inflation that year would be 10 percent.

I'm willing to pay for a study to compare forecasts made by the Bank of Israel, the banks, the press, the Treasury and the Ministry of Industry and Trade, which will prove that the evaluations of the Association's economics department have been closer to reality than all the other predictions—certainly as to investments. The main reason that we are now in an employment crisis is that there was an investment crisis in Israel for six years. That's the opinion of every Israeli economist.

[Schubert] How do you see the future of the Israeli economy?

[Lautman] I think we're now in a very interesting period in which it's possible to make a real breakthrough. The first reason for that is the real chance for a change of policy in the region. The second reason is that new markets have opened up to us in the last two years in Southeast Asia and the former Soviet Union. The third reason is a 10 percent growth in our population, which has brought very highly educated people. The fourth reason is that industry and the manufacturing sector have become more efficient and invested vast sums in information systems and improving quality after years of inflation that did not permit industry to be more efficient.

All this now allows a genuine breakthrough. I don't think we need to be satisfied with growth of 7 to 8 percent in exports. We need to establish a higher goal than that. I think we need to carry out a policy that will lead to growth in investments not at a rate of 10 to 15 percent but at a rate of 30 to 40 percent per year. In a small country like ours, it's possible, with a relatively small effort, to get results like that.

[Schubert] Despite the recession in the Western nations?

[Lautman] Despite the recession. That's the advantage of a small country. Aside from that, the economic slump today exists only in the Western world, not in the Third World—not to mention that according to predictions, Europe will come out of its crisis in the second half of 1994. The question is whether we'll know how to direct concerted efforts towards growth intended for export and creating lasting jobs.

[Schubert] Today, when you look back over your long career, is your service as president of the Industrialists Association the high point?

[Lautman] I love what I'm doing. When I get up in the morning, I can't wait to get to the factory or the office.

[Schubert] At Delta or the Association?

[Lautman] First of all, in industry. I see industry as the nicest place to work. My work at the Industrialists Association and my service as president have been fascinating mostly because of the work I did at the same time as, and as an extension of, my duties as director of a large and growing factory. I tell my managers that if I should ever decide that the factory I run can't grow—I'll retire, because for me, growth and expansion are the elixir of life. That's the real formula for every industrialist.

[Schubert] Have your duties at the Association impaired your work at Delta?

[Lautman] I don't think so. Our organizational framework is such that I delegated authority to managers. Two-thirds of my time has been devoted to work at the plant and one-third to activities at the Association.

[Schubert] Do you have any advice for the next president?

[Lautman] The new president doesn't need advice. He's a big, serious industrialist who has been active here for many years. Industry's goals are clear to all of us. I'm sure that the new president will continue to march industry and the Industrialists Association forward.

[Schubert] It's known that at least on one point, the issue of encouraging and developing industry in the autonomy territories, there is a difference of opinion between you.

[Lautman] I don't think there is a difference of opinion. I think that the opinion of all industrialists today is that, at the end of the process, there must be free movement of goods and workers between the autonomy economy and Israel's. There are some who believe that in the intermediate term, we need arrangements such as these or others that will protect industry, which could be hurt. By the way, you'll find that opinion on the other side, too, among the Palestinians.

[Schubert] You've always stood for the idea that it's not necessary to harass them.

[Lautman] I still stand for that. I don't think that all of industry, or specific branches of it, will be harmed by open borders. First of all, the borders have already been open for 26 years. There now is no way to sever these economies,

which depend on one another, particularly the territories' economy on Israel's. It seems to me that it's possible to find solutions that will contribute to both sides and not hurt one side or the other. We need to exploit the relative advantages of the two economies and integrate them so they'll both grow without one hurting the other.

[Schubert] What are you going to do?

[Lautman] I have a respectable position that I love. Apart from that, any activity that interests me, and to which I believe I can make a contribution, I'll be happy to do. Even if I don't find anything like that, I have a universe of its own in the industry I work in. I'm not retiring to a pension.

[Schubert] Do you see yourself in the future as a minister?

[Lautman] There's no chance that I'll get involved in politics.

Economic Autonomy Assists Peace Process

93AA0112A Tel Aviv YEDI'OT AHARONOT in Hebrew
17 Jun 93 p 5

[Article by Gid'on 'Eshet: "Thus Was Removed a Roadblock to Peace"]

[Text] The minister of finance supports an autonomy in which the Palestinians can manage their economy as they please, establish customs, forego VAT [value-added tax], and collect income tax at completely different rates than those in force in Israel—that is, to establish an economic border between us and them. It should be noted that we are speaking about a change of position, and it should be noted that the minister of finance is not aware of that—but it is implied by the decision that he took last week.

Most of Israel's economists believe that there must be an open economy between Israel and the territories, with identical customs and indirect taxes rates. Why? Because in the absence of identity, Israel will be compelled to agree to establish a border with a fence and customs duties. True, the subject is an economic border, but the distance between that and a political border appears small and undesirable to the government, which refuses for the moment to discuss permanent arrangements between us and them. This, of course, turns the autonomy into a joke, and the Palestinians have made it clear that the idea of economic identity is unacceptable to them. But up to today, the conception was acceptable also to the minister of finance.

How was it that suddenly, last week, Shohat removed by implication his opposition to the economic independence of the autonomy? A group of American entrepreneurs approached him with a request to allow them to establish within Israel a free-trade zone, a special economic area without income tax, without customs duties, and without VAT. A committee of experts that was established by the minister of finance examined the proposal and submitted a negative report. The minister of finance was not convinced, and gave the green light. The government approved.

The breaking of the economic taboo according to which Israel is one state with uniform tax rates removes the basis of the Israeli argument that calls for economic identity between the economy of the autonomy and the economy of Israel. If it is permissible to take a piece of the Negev or of the Galil and to allow in it an entirely different economic regime from that in force in Israel, why should this rule not apply also to Gaza and the West Bank?

The idea of establishing a special and fenced-in economic area for American entrepreneurs is an injurious idea. The entrepreneurs who welcome it do not dream of establishing it where they are. But the damage is dwarfed by the chance that what applies there, will apply also to the autonomy. In that way, Shohat removes a serious roadblock on the way to peace.

And they say that in all the central decisions, the minister of finance is coordinated with the prime minister.

Optimism in Stock Market for Foreign Investment

93AA0090C *Tel Aviv HA'ARETZ in Hebrew*
23 May 93 p C5

[Article by G. Rolink: "By the End of Next Year, Foreign Investors Will Arrive at the Stock Exchange in Tel Aviv"]

[Text] In the summer of 1992, after the Left's rise to power and the acceleration in the peace process, the estimation circulated among many of those active in the Israeli capital market that the conditions were ripe for the entry of foreign investors into the Israeli economy, primarily to the Tel Aviv stock exchange. The \$90 million mobilized by the First Israel Fund, a closed-end fund of Americans investing in Israel, seemed to be the opening of a new era in the realm of foreign investments in Israel.

Except that time passed and, but for a few closed-end funds, the most distinguished of which are the Daveret-Sharem Group and Bank Hapo'alim, the great, foreign money has still not arrived at 54 Ehad Ha'am St. in Tel Aviv. In addition, according to the latest issue of THE NEW YORK TIMES, First Israel Fund did not gain great popularity among the foreign investors. Up until last week, the fund traded at a price 12.77 percent lower than the value of its assets, which are primarily shares in the Tel Aviv stock exchange.

THE NEW YORK TIMES publishes a table of all of the closed-end funds that exist on the market. The table includes the fund prices opposite their net asset value. In all, there are 55 closed-end funds that specialize in shares traded outside of the United States. Twenty-two of them are trading at a positive premium, above the net asset value. Thirty-three are trading below the net asset value. The First Israel Fund is in a very uncomplimentary place—51 (out of 55). Below it are funds specializing in Brazil, the Philippines, Ireland, and one mixed fund.

The considerable discount below the net asset value, at which the fund is being traded, cannot attest to the quality of its managers, the Israeli companies Alliance and Giza.

They must be concerned with the investments' proceeds, and they have no control over the price of the fund on Wall Street.

This price is determined by the market and, apparently, the market does not especially believe in the Tel Aviv stock market right now. In terms of proceeds, the fund investments have produced higher profits than the majority of the Israeli and New York market indexes. The proceeds of the share, itself, is, as stated, another story completely.

Perhaps it is the peace process that is being lazily conducted, perhaps the trampling that the Tel Aviv market has been getting in recent months; in any case, the foreign investor activity sector in Tel Aviv is still marginal. Except that, in spite of the market's standstill in recent months, the Tel Aviv stock market is still thriving and honorably supporting a growing number of brokers, portfolio managers, traders, and investors. The daily trade cycle, at an average level of a quarter of a billion shekels, and the enormous extent of issues that is being realized upon us—they are the obvious expression of this. This is also the reason that the subject of foreign investors does not particularly trouble those dealing in the Israeli capital market. Even without the foreigners, the market is flourishing in the meantime.

But there is someone who, nevertheless, very much believes in the opening of the domestic market for foreign investors. We are referring to the brokerage firm, Pacific Mediterranean ("Pac-Med"), which was established two years ago by Mark [?Meyers]. Meyers immigrated to Israel from Hong Kong about three years ago. Hong Kong, as is known, was the emerging market that stood out at the end of the 1980's. Meyers (age 30) has dealt in fund management and investment portfolios since age 20, at the Hong Kong stock exchange, and managed the analysis department of one of the investment houses there.

Pac-Med was established in order to supply information in English about the stock exchange and capital market in Israel. The company publishes a monthly newsletter, including macro-analyses of the Israeli economy, an analysis of a stock exchange member, according to the accepted American research methods, with a recommendation to buy or sell, a branch analysis of one of the stock exchange branches, a daily and weekly fax about the latest development in Israel, and recommendations regarding future trends in the stock exchange. Pac-Med is the only company in Israel that deals with information and, perhaps it is possible to say, also public relations for the Israeli capital market—which are intended for abroad. Among the subscribers to the newsletter that the company produces are most of largest investment houses in the world, such as Merrill Lynch, James [?Caple], Claridge, Templeton, and Shearson Lehman. Recently the company has started to supply ordered company analyses for parties working in the capital market.

Pac-Med deviates from the view of portfolio managers in Israel, both because it was first established as a research department and only later entered into management of investment portfolios, and because it retains an extremely

large research team by Israeli standards—five analysts. At the head of the team is David Rosenberg, who served as head of the Asia desk at the WALL STREET JOURNAL.

At the beginning of the year, as was stated, Pac-Med also started to manage portfolios. For this purpose, Arnon Zahavi joined the firm as a partner to NIY [expansion not given].

Zahavi was also manager of trust funds at top companies, [Tzmiya and Mortiz et Toklar]. The company's board of directors includes, aside from Meyers and Zahavi, three businessmen: Yuli Ofer, Norbert Rubinstein, and David Shoham.

What Are the Brokers Doing With the Information on Israel?

Pac-Med is investing a great deal of reserves in retaining a large economic department that produces the information about the Israeli capital market, that is then distributed to brokers abroad. By the nature of things, company managers must be optimistic concerning the entry of foreign investors to the Tel Aviv stock exchange. Mark Meyers has a prophecy that would sound somewhat illusory to many: "By the end of next year, the massive entry of foreign investors to the Tel Aviv stock exchange will begin."

[HA'ARETZ] Aren't they coming a little late? After four years that the stock exchange rose by more than 700 percent?

[Meyers] The foreign investors always come after the market makes a step of a few hundred percent. In Hong Kong, the stock market began to develop and rise in 1984. Only after it tripled its price did the flow of foreign investors begin in 1989. They usually arrive at the low point that comes between two periods of rises. In my estimation, we are now situated in this segment. The market is currently stabilizing—until the next wave of rises.

[HA'ARETZ] In the meantime, there are no significant foreign investments. What are the brokers on Wall Street, in Tokyo, and Hong Kong doing with the material that you send them? Right now, it does not appear that your analysis with a Hedera paper [as published] is likely to particularly interest them.

[Meyers] Correct. I assume that our material is not gaining special attention in all analytic departments in all brokerage firms subscribing to our publications. But this is a long-range investment. The moment will come when they will start to become interested. Then they will go to that file at the end of the library in which the analyses on Israel are filed—and there we will be—their bridge to investment in Tel Aviv.

[HA'ARETZ] Why should they even invest in Israel. A small country, problematic, in danger of war, and characterized by a centralized economy? How can we become a financial center when we are still in a capital market and currency that is closed to the entire economic world?

[Meyers] This, too, is a temporary matter. The trends are clear. Each time, another door and window opens. Last year, NIY was allowed to be purchased on 21 stock

exchanges in the world, there are new concessions in foreign currency all the time; the goal is clear. There is no reason why we should not be like Hong Kong or any new financial center.

Great Optimism Also Regarding the Stock Market

Following consolidation in the area of financial information, they are now concentrating efforts at Pac-Med in the area of managing investments on the Tel Aviv stock exchange. Responsible for this area is Arnon Zahavi, who, like his partner, Meyers, is basically optimistic. While a significant portion of brokers lost the sweeping optimism that was the market's legacy a year ago, after the trampling of the market in recent months, Zahavi believes that 1993 will, nevertheless, be a strong year in the stock market. In his estimation, the market will go up by 20 to 30 percent by the end of the year. Zahavi says, "1992 closed with a profit that represents historic multipliers of about 20." The market's profit multiplier that was forecast by the company, based on the forecast for company profits in 1993 remains at about 16. "In our estimation, the multiplier level of about 20 will be preserved this year—that is, the market will rise by between 20 to 30 percent."

Pac-Med also has an optimistic forecast regarding the bond market, which has already been suffering for about four months due to a strong price erosion: "The second half of the year will be characterized by a rise in bond prices, with a trend toward sharper rises in long-range bonds," says Zahavi. The reasons for this are enumerated by Pac-Med economists as follows:

1. The estimations by the large institutional bodies that, indeed, a likely trend for a rise in the level of inflation, relative to 1992, will bring about a renewal of the flow to bonds (the linkage element).
2. A rise in the rate of inflation will also bring with it a rise in interest rates on the Bank of Israel's monetary centers, as well as a rise in MAQAM [expansion not given] proceeds, and will result in the sale of short-term bonds and the purchase of intermediate- and long-range bonds, and the creation of a distortion of normal proceeds. It is anticipated that the treasury will significantly reduce the extent of mobilizations of capital in the coming months in the bond market, due to an excess in the mobilization of capital in the first quarter of the year, due to the large mobilization of capital that was recently carried out in the United States, and that is expected this October, as well as because of the compensation anticipated this year to governments from the sale of government companies—which exceeds that which was allocated.

The sectors that Pac-Med people believe will lead this year are mortgages, textiles, jewelry, and insurance. Zahavi: "The excess of apartments that accumulated by the government is giving its signals in the vast sales campaigns throughout the country. The trend for an increase in mortgage demands is anticipated in the continuation. The decisions of the Treasury and Industry Ministry to moderate the disclosure process for importing from Far Eastern countries, correspondent with the regaining of strength in

the markets of Western Europe and America, are expected to contribute to the progress of activity in the sector. Continued growth in the sector are expected to depend significantly on exports to these countries.

"The jewelry sector, which has grown by about 20 percent per year in the past five years, will continue to flourish, based on the massive activity of the Export Institute, progress in the marketing activity of this industry, and the increase of investments in the sector, together with a transition toward creating jewelry of high value.

"In the insurance sector, we will see expressions of the rise in premiums by companies and the rise in the independent participation rate of the insured in the monetary results of the companies represented on the stock exchange as early as 1993," summarizes Zahavi.

Pros, Cons of Free-Trade Zone Discussed

93AA0112F Tel Aviv YEDI'OT AHARONOT (Weekend Supplement) in Hebrew 18 Jun 93 pp 7, 19

[Article by Sever Plotzger: "Shohat Will Build Us a Paradise"]

[Text] "Blessed are those who come to the gates of a free-manufacturing zone," reads the giant banner, in Hebrew and in English, that hangs above the border terminal, 100 km south of Mitzpe-Ramon. The word "state" does not appear there, but everything here looks like the entry to a foreign land: the high security fence; the watch towers that were painted orange-yellow in order to blend into the desert landscape; the "Free-Zone" police, in their peach-colored special uniforms and with their sophisticated communications gear; the giant customs station for trucks; and the narrower station for pedestrians.

It is not simple for an ordinary Israeli citizen to enter the free zone. Numbered personal entry permits are granted only according to a special request from one of the companies whose offices and plants were established in the zone, and even then they are limited to a predetermined path for walking or driving.

The checks at the entry and exit gates are very thorough, personal, and pressured. No wonder: within the free zone, it is possible to purchase (for dollars only; the shekel has no status in the zone) almost any imported item for a price tens of percent lower than in an ordinary Israeli store in Be'er Sheva. At the exit, all the taxes and customs duties must be paid on every purchase, but who can check if the employee of American food-processing plants that were established in the free zone bought his Reebok shoes in Israel or in the free zone? And the shirt? And the watch?

Stories about smuggling to and from the free zone appear almost every day in the media. As a result, a system of hidden television cameras that report every suspicious movement to the customs point has already been set up on the roads leading to the zone. But it does not help. As the free-manufacturing zone grew and draws within it thousands of workers from all over the State of Israel, all of them employed solely on the basis of personal contracts, thus the ability to supervise it is weakened. It is enough to see the

movement of the trucks through its gates in order to understand that the zone is taking over the economy of the state.

And now, when the traffic jams on the main road leading to the free-manufacturing zone are already causing complete chaos on all of the roads of the Negev, the prime minister and the finance minister are finally forced to declare: either the special conditions of the free-manufacturing zone will gradually be extended to the entire State of Israel, or the zone will be shut down.

In truth, they have no choice. Five years after the decision to establish the free-manufacturing zone, the decision that, it will be remembered, was taken at a cabinet meeting on 10 June 1993, approximately 33,000 jobs were created within the closed borders of the zone and exports of about \$1 billion are made from it annually. No government in the country can allow itself to close it now, even though the Ministry of Finance coffers have not seen even one agora of taxes from the profits of the companies that operate inside the zone and only a few drops of foreign currency have dripped into the State of Israel from the hundreds of millions of dollars of exports.

As in Communist China, thus in developed Israel: free-manufacturing zones swallow the entire economy.

This is, of course, an imaginary description, but not removed from reality. This Sunday, the government made the decision to establish free-export zones, which would operate on the basis of a special law whose principles are simple: within the sovereign territory of the State of Israel, somewhere in the Negev or in the Galilee, an area of approximately 2,000 dunams will be fenced in, where the ordinary economic laws of the State of Israel will not apply. The area, in fact, will constitute an enclave of completely free economics in our midst. A state within a state.

Any entrepreneur who wants to establish a plant there will be freed for a generation—20 years, perhaps 25—from every tax, customs duty, levy, permit, or economic restriction in force in Israel. An entrepreneur who invests in the free zone will have to comply only with a limited number of labor, welfare, and environmental quality laws, and not necessarily even those. According to the bill that the Ministry of Finance submitted to the cabinet, the investor may exchange some of the instructions of these laws for an alternative plan, that would be approved by the responsible minister.

It is important to stress: the exemption from taxes, from customs duties, from permits and the like is granted only to investors, that is, to capitalists who will establish their businesses in the free-manufacturing zone. The employees will not receive any exemptions. The employees will pay, and how otherwise, full income tax, and certainly will have to pay taxes on the additional benefits given them. The principles of the free economy end, in general, when tax must be collected from the employees.

How will the free-manufacturing zone operate? According to the bill that has already been accepted by the government, such a zone will look like a complete economic

autonomy. There will be no limitations on exports or imports, including exports and imports of foreign currency. It will be possible to manage, for example, an extra Israeli telephone network and bring in broadcasts from satellites, not according to the accepted rules in Israel. A fable of abroad.

The idea of establishing free economic zones in Israel with the aim of attracting foreign and domestic investors was conceived in concert by a number of factors, who are now fighting among themselves over the origin of the idea. The economist Me'ir Aldar wrote about it in *ECONOMIC QUARTERLY* in September 1991, and even before that, in 1988, he participated in the drafting of the first bill on the subject, which 'Amir Peretz brought to the Knesset.

The idea was adopted enthusiastically by the Institute for Advanced Strategic Studies in Jerusalem, which is headed by the political scientist from the United States, Professor Alvin Rabushka. In a conversation with me, Prof. Rabushka said of himself that he preaches "extreme market economics," which sees no positive role whatsoever for the government in the economy. Next to him, Prof. Milton Friedman is red. Friedman himself, by the way, negated the idea of free-manufacturing zones in Israel, in a letter that he sent to one of the initiators of the idea, and defined them as a subsidy to foreign plants at the expense of Israeli citizens.

By chance or not, one of the financial backers and supporters of the Institute for Advanced Strategic Studies was attorney David Yerushalmi, a religiously observant new immigrant, who came to us from California, Hebraized his name, and, apparently, also his business. Yerushalmi, a real estate specialist, gathered around himself a group of 25 Jewish businessmen, including several building contractors, sellers of cheap apparel, and UJA [United Jewish Appeal] donors; names from the second and the third rank of the Jewish business world in the United States, which do not say much to Tel Avivians. They purchased shares in a corporation that was incorporated in the United States, under the name Israel Export Company, and began to operate from its offices in Jerusalem a very efficient and very powerful lobby, for the implementing the idea of free zones by a special law.

In September 1992, the 25 met in New York with the new finance minister, Avraham Shohat. They spread before him their captivating proposal. That the Government of Israel, they said, would not give us anything—aside from a concession to operate a zone free from Israeli bureaucracy, from Israeli laws, and from Israeli taxes, and we will invest our own money in it and will provide employment to Israel's unemployed workers. We will bring \$700 million and 20,000 jobs.

In those days of autumn 1992, the war on unemployment, and not the calming of the stock exchange, was at the top of the government's concerns. Shohat listened, was impressed, and promised to look into it.

The minister of finance, it turns out, likes to make decisions scientifically and after probing examinations. To that end, he established committees of experts, composed of

senior officials from his ministry and outside of it. His decisions, by the way, generally contradict the committees' recommendations; but the main thing is the discussion, not the implementation. Thus it will be regarding the taxation of the stock exchange and thus it also was regarding the free-manufacturing areas.

The committee on the subject of the zones meditated on the problem for six weeks, and submitted a report whose conclusion was very clear: such manufacturing zones should not be established in Israel. The chairman of the committee was Yoram Gabay, the state revenue commissioner. Also participating were representatives of other ministries, accountants, economists. In the summary of their conclusions it is written: "The implementation of the free-trade zone law means the loss of real sovereignty of Israel in the field." The zone would be an autonomous canton, a foreign enclave. Who would agree to that?

The recommendations of the committee, despite their phrasing, which left no room for interpretations, did not put an end to the debate, they only started it. The initiators of the idea were aroused to battle. The committee, they said, negated the suggestion on account of the fear that in our free areas we will not obey the labor and welfare laws, the health or environmental laws of the State of Israel. So we are ready to observe these laws, or acceptable substitutes for them. We are not at all in the business of using cheap labor in Israel. And, in general, what do you have to lose already? The decision on a free-manufacturing zone does not cost the government budget one agora.

They also persuaded the prime minister, Yitzhak Rabin. They persuaded the ministers. They submitted documents and did their homework. At a certain stage, the resistance was broken. What can I lose already, the minister of finance said to his confidants, after all, in the framework of the present laws for the encouragement of investments I also give a lot of subsidy and aid to industrial firms that are ready to go to the Negev, to A Development Areas. [sentence as published] Let us not be conservative and fossilized and respond positively to the initiative.

The members of the committee swallowed their pride. At the beginning of the year, it was said that the finance minister overcame the opposition of his officials and decided for. Away with the officials.

It is not to be suspected of Avraham Shohat that he surrendered to interested parties or to pressures. Apparently, he really was convinced by the arguments that had been brought before him. How correct were they?

Those who favor the free-manufacturing zones said and say:

- "The establishing of a free-trade zone does not cost the government budget one agora."

—This is not correct. Exemptions from taxes in general, and from income tax on profits in particular, for a period of 20 years, will cost the State of Israel a lot of money. This is a very high budgetary cost. If tax exemptions are no cost, how is it that you and I have never succeeded in obtaining them?

- "A free-manufacturing zone is an alternative track of the law for the encouragement of investments. An investor who goes today to build industry in the Negev, receives from the government an initial grant of up to 40 percent of the investment, including infrastructure. The entrepreneurs in the free-manufacturing zone will not receive the grants, only an exemption from taxes and from the heavy hand of the Israeli government. Therefore, it is worthwhile for the government."

—This, too, is not correct. It is preferable for the government to give grants for investment whose size and amount are known in advance, than to give exemptions from taxes for tens of years, whose economic value is not known in advance. Such a gift is liable to be worth 10 or 20 times more than any grant.

- "The government will not invest in infrastructure. Everything is on us."

—Not correct. The government will not, indeed, invest in the free zone itself, but it will invest in infrastructure of roads, power lines, water, trash removal, etc, that will reach the gates of the free zone. And these are the big expenditures, the main ones.

- "Such zones exist in many places in the developed industrial world."

—Not true. What will arise in Israel has no precedent in the entire world: nowhere in the world is there a manufacturing zone free of all customs duties, levies, and other government intervention, all of whose business is conducted in foreign currency, which is not located on the border, which is not within a port, but is instead located in the heart of a developed, modern state, whose industry is very advanced, and whose labor force is very educated. There is no such thing; we are the pioneers.

The examples brought by the initiators of the idea refer either to free-trade zones, which are no more than bonded warehouses, and not industrial parks, or to arrangements in force in several countries of the Third World. The Dominican Republic, Mexico, Mauritius, Taiwan, and South Korea at the end of the sixties, Communist China at the end of the seventies.

- "The free zones will not discriminate in favor of other investors."

—Not correct. Why will Elbit have to continue to pay full income tax on every dollar of additional exports, but an American plant that will be established in the free zone will not have to pay? And if Elbit will go from here to there, from Israel into the zone, that will constitute only a diversion of product, and not its increase.

- "The situation of the trade balance will improve; exports will grow."

—This, too, is incorrect. International experience shows that almost all of the foreign currency earned by plants located in a free zone returns abroad afterwards, in payments for imports, services, capital, and the like. The inputs that such a free zone buys from the state in which it is located amount to 20 percent of the volume of its operations.

Against all these not-so-correct arguments there is one argument that is correct. A free-manufacturing zone that will operate as an enclave separate from the tight net of bureaucratic economic supervision in Israel is liable to serve as an example of how to succeed without all of that.

The central foundation of the idea of the free zone, says the economist Me'ir Aldar, is the removal—the purging—of the apparatus of permits and administrative approvals "that strangle initiative." The benefits are not the main thing, rather the ability to invest in Israel as if it were not Israel, but a land of the pure free economics.

What will happen now? The discussions about the "Law of free-Manufacturing Zones" will conclude in a number of weeks, and it will be approved in the Knesset.

A "Free-Zone Council" will be established in Israel on the basis of the law. The council, which will have six members from the business sector and five from the government, will issue a tender request for the concession to administer a free-manufacturing zone. In the Negev, apparently.

The tender request can be taken up by corporations whose aim is to establish, develop, and manage a free zone, including infrastructure development and securing investors. Only a private business can seek and win the concession to establish a free-trade zone. The council will consider the financial and organizational ability of the concessionaire, the list of investors that it will bring, its plans, its dynamism. The men in the Israel Export Company are convinced that the Council will grant them the first concession. For they were in this field before all the others. They have quite an impressive list of 55 entrepreneurs, who are ready—on condition—to establish industries in a free-manufacturing zone, at least some of them advanced export industries. And they have lobbyists and offices of influential lawyers.

After the concessionaire wins the tender request, the bulldozers will go into the field. It will be fenced, separated from the state. The concessionaire will sign contracts with "its" investors and entrepreneurs, and they will receive construction permits there with the speed of lightning. The default method will be used there: an entrepreneur who does not receive any reply within a month will be considered as having received a positive reply and his plan will be approved.

The sole Israeli laws that will apply in the free-manufacturing zones involve employment, welfare, and environmental quality. But even regarding labor laws the application is not automatic, and the business or the concessionaire in the free zone can make an alternative plan. They are allowed to contract with the workers in a collective agreement, but they are also allowed to engage

them on a personal contract. Their freedom is great. The famous "widening orders" on the subjects of employment and wages, on the basis of which, for example, a general cost of living allowance is paid in Israel, will not apply in the free zone.

The simple question is, why do we need all this headache? Why create within the State of Israel, on its sovereign territory, an exceptional, autonomous, strange economic zone? So inappropriate to Israel? What do we lack?

Israel does not need today foreign investors of the kind that will be attracted by such free zones. An investor who is bothered by the regular operation of a regular government, and for whom the benefits that are now already granted to foreign investments are insufficient, will not contribute to the economy of Israel.

Israel, whose main asset is its people, one of the smartest labor forces in the world, needs investors who will participate normally in its economic life. Not spoiled children. After we received the credit guarantees from the United States, no shortage of foreign currency awaits us. A lack of foreign entrepreneurship awaits us, partners in big projects are lacking. Intel does not need a free-manufacturing zone, and if it needs one, we will not need Intel.

The establishing of these zones will also harm the privatization of government corporations, which will not enjoy the tremendous benefit inherent in sojourning in the land of the absolutely free economy. Who will want to invest in Israel Chemicals, if he can go to a free zone?

The Rabin government must carry out an antibureaucratic upset in Israel. It is necessary. But the way to economic freedom, to growth, and to initiative does not lead through the gates of a free-trade zone. They will not be the gates of the economic paradise.

New Company To Direct Oil Exploration

93AA0112D Tel Aviv YEDI'OT AHARONOT (Financial Supplement) in Hebrew 16 Jun 93 p 2

[Article by Heder Horesh: "A New Company Will Search for Oil Near Rosh Ha'ayin"]

[Text] A new company intends to search for oil and gas in the region of Rosh Ha'ayin. The company, G'va'ot Olam, intends to establish a limited partnership that will raise NIS[new Israeli shekels]17 million on the stock exchange.

The initiators of the searches are the geologist Tuviya Laskin, who was connected with oil exploration companies in Indonesia and Australia; Noga Ben David, the jeweller and owner of the company Zahav Yerushalayim; and attorney Shmu'el Beker.

The three established the company G'va'ot Olam, which will be the general partner in the exploration partnership and will manage the drilling.

The first planned drilling will be to a depth of 4,000 meters on the hills of Rosh Ha'ayin, and its estimated cost is \$5 million. The company also intends to carry out another drilling, to a depth of 5,500 meters.

No oil exploration has yet been undertaken in the region of Rosh Ha'ayin. East of the area, there was a drilling in the region of Rama Lala, where no oil was discovered. To the west, near Qibbutz Ga'ash, signs of oil were found at a depth of more than 5 km. The plans for drilling in the region at the beginning of the 1980's were not carried out.

The company has submitted a draft prospectus to raise the capital necessary for the drilling. The issue is being managed by the company Ayil Securities.

Corporate Representation at Paris Air Show

93AA0086B Tel Aviv HA'ARETZ in Hebrew
23 May 93 p 5

[Article by Aluf Ben, HA'ARETZ correspondent for defense affairs]

[Text] A record 26 Israeli corporations will exhibit their products this year at the biannual International Air Show at Le Bourget, near Paris. The Israeli exhibit at the show, considered the biggest event of arms exporters worldwide, will highlight aircraft upgrades, simulator and training systems, and RPVs [remotely piloted vehicles].

Israel Aircraft Industries [IAI] will exhibit its ability to upgrade Soviet and East European aircraft, considered a promising market in the coming years.

IAI will exhibit a MiG-21 aircraft it acquired recently in Eritrea, which it has overhauled and fitted with new systems. The wings of the aircraft will feature both an Eastern armament and a modification for a Western armament, including the Python [short-range, infrared homing] air-to-air missile, made by REFA'EL [Armament Development Authority]. A simulator of an upgraded MiG-21 cockpit with new avionics systems made in Israel will also be exhibited in the pavilion.

In addition, IAI will exhibit a Romanian IAR-109 trainer aircraft fitted with Israeli systems; a warning and naval patrol Tracker [antisubmarine] aircraft, which IAI is upgrading for the Argentine Navy; an F-5 fighter undergoing upgrading in Chile; and the Israeli Astra executive jet.

Elbit, IAI's main competitor in the upgrades market, will exhibit its ability to upgrade fighter aircraft. Both companies, under pressure from the Defense Ministry, decided to establish a joint marketing company that will sell upgraded packages in the international market. However, contacts toward this end met with difficulties that remain unreconciled as of the air show.

A new product in Elbit's pavilion will be the RPV of the Hetz Hakesef [Silver Arrow] Company. Elbit has acquired a third of Hetz Hakesef's shares in its bid to penetrate the RPV market.

REFA'EL will exhibit a new night vision system, designated "Lightning," for combat aircraft. It will also exhibit its established products, including the Python-3 air-to-air missile, the Popeye air-to-ground missile, means of protection for tanks and vehicles, night vision [devices], and a missile to protect Baraq boats.

Israel Military Industries will exhibit its aviation products, such as fuel tanks, aircraft maintenance pads, pyrotechnic systems, and the Samson and Delila electronic warfare RPVs.

The BVR Company will exhibit its air battle debriefing system designed for pilot training. Its main competitor, Rada [Electronics Industries] will not set up its own pavilion, but will demonstrate its debriefing system on the F-5 aircraft upgraded by IAI, and on a Czech L-39 trainer aircraft upgraded by Elbit.

Elisra [Electronics Systems] will exhibit electronic warfare systems. El Op [Electro-Optics Industries] will exhibit display systems for fighter aircraft, a camera, and thermal imaging systems (jointly with REFA'EL).

Other companies that will participate in the air show are: Isorad (transillumination systems and electronic warfare components); APT (power supplies); Technical Writing; Magal (a bomb detection system); Microkim (microwave components); Bet Shemesh Engines (jet engine parts); Nimada' (upgrades for armored vehicles and tanks); Turbochrome (jet engine components); Polyrax (plastic parts); Reshef Technologies (fuzes); RSL (engine control and muzzle-velocity measurement systems); HAMAM [expansion not given] (thermal imaging detectors); Shovel (metal processing); Raycor (cryogenic cooling); and Tat (aircraft components).

Two companies will exhibit outside of the Israeli pavilion: Astronautics (display systems for aircraft) and 'Asot Ashqelon (automotive and aviation components).

West Bank Road System, Security Questions

93AA0090D Tel Aviv HA'ARETZ in Hebrew
31 May 93 p B1

[Article by D. Rubinstein: "Permanent Focal Points of Violence"]

[Text] The separation between the territories and the State of Israel has brought a certain improvement in the sense of the Israeli public's personal safety. The number of security events in Jewish population centers in Israel has declined. Most of the attacks and the latest murders of Israelis have been in the territories, themselves: in an office in Gaza, in the hothouses of Gush Qatif, in the fields of Khan Yunis, and, at the end of the week, when a Yeshiva student was stabbed to death in Hebron and a hand grenade was thrown at a tourist bus in Bethlehem.

In Jerusalem, too, in which barriers have not been set up between the Arab and Jewish neighborhoods, security incidents have occurred as in the past, and, at the end of the week, a young Arab girl was shot after attacking a frontier force policeman with a knife at the Western Wall expanse.

A Very Partial Separation

A certain separation between the Israeli populace and residents of the territories is, indeed, possible, but, according to the Israeli position, they are referring to a very partial separation. Just as it is impossible to separate

the Western Wall and al-Aqsa and it is impossible to create a complete partition between East Jerusalem and the territories, it is also impossible to divide the roads and streets on which Jews and Arabs travel in the territories, or even in Israel: It would be impossible to completely sever the economy of the territories from Israel; impossible to separate the water that is common to all residents of Israel, and a large part of their services are needed by Israelis and Palestinians. And, the main thing is, it is difficult to think about a possible separation of symbols of sovereignty on the West Bank and Gaza.

There are many examples of this. Hebron, for example. Let us assume that, with the establishment of the independent Palestinian Government, the Government of Israel succeeds in distancing the Hebron settlers from the Arab city (such distancing is essential, because no Israeli living in the heart of Hebron would agree to accept any sort of authority of an independent Arab government, and it is impossible to consider an Arab government in Hebron that would be able to compromise with Rabbi Levinger or with Barukh Marzal); and let us assume that after difficult quarrels and struggles, the Hebron settlers would move to Qiryat Arba'. Will they, and other Israelis, be prevented from praying at the Cave of Makhpela? And how would they get there? In Israel Defense Forces (IDF)-protected convoys? And who would be responsible for arrangements at the Cave of Makhpela, Rachel's Tomb, and other sites holy to Jews in the territories. So, perhaps it will be forbidden for Israelis to visit them?

Let us further assume that an arrangement will be found for the movement of residents from Gaza to the West Bank (just as buses were organized last Friday, from Gaza, for prayers at al-Aqsa), under supervision. Will there also be supervision by the Palestinian Government regarding the movement of Israelis in the territories? And we are not merely referring to settlements, but to the roads currently serving the vast Israeli public, such as the valley roads and the road from Jerusalem to the Dead Sea. All of these will be permanent focal points for incidents, violence, and provocations.

Already in the Intermediate Phase

It is important to bring up such examples, because the Palestinians accept the separation only if it would be real and complete and would bring about, in the end, a division in Israel between the two peoples. They are not prepared for a semiseparation at the Israeli's convenience. The Palestinian position in negotiations maintains the complete, judicial and geographical unity of the territories. That is, that, in principal, they will be one geographical unit, in which the same law and justice will apply. This is not to say that they do not understand the Israeli reality that will not relinquish East Jerusalem and its surroundings, up to Gush 'Etzion and Ma'ale Edumim, and the settlements and the security strip along the Jordan.

The opposite is true; the Palestinians understand the situation in Israel excellently, but they say: First, accept the principle that Resolution 242 applies to the West Bank and Gaza, where it refers to "the Israeli withdrawal from

territories captured in 1967," without going into details. Afterward, let us talk about your problems, such as Jerusalem and the territories, which, after all, are also territories that were captured in 1967.

They have already demanded stating this explicitly in the intermediate phase's document of principles, because it is agreed by all that this phase will be a transitional period to a discussion of the permanent arrangement.

Even if diplomatic acrobatics are found to formulate vague principles for an intermediate arrangement, it will not be able to cover the essential gap that exists between the positions of the parties. And because it is difficult to envision an arrangement soon, it is anticipated that the violence in the territories will continue. It will have ups and downs and repeated and varying outbreaks. Even the relative sense of security in the areas of the Green Line are liable to be very temporary.

Red Cross: Israel Is World's Most Disappointing

93AA0088B HA'ARETZ in Hebrew
28 May 93 pp 11, 13

[Interview with Cornelio Sommaruga, president of the International Red Cross by Gidon Levy; place and date not given: "Breakfast With the President of the Red Cross"]

[Text] In his black leather notepad, it is written that he was in Finland in March and in Copenhagen in April and in early May he was in Indonesia and East Timor. East Timor is one of the only places in our world that is currently under military occupation. Our territories are another rare place of this type. "There is great similarity between your occupied territories. Notwithstanding, the situation here is infinitely worse," he says gravely. I met him twice this week: lunch and breakfast. Cornelio Sommaruga, president of the International Red Cross is, to a large extent, the opposite of what you might expect to meet. While he is Swiss, he is of Italian descent. This enables him to speak with surprising freedom. While he is a jurist, he admitted in one of our conversations that the legal situation is very important but, ultimately, the determinant is the conduct of the troops in the area.

Six years ago, he received an entirely unexpected telephone call, offering him the presidency of this important organization. He was then a not-so-senior official and diplomat in the Swiss Government, specializing in economic matters. He consulted his wife and his six children. Five were in favor of accepting the position, and one objected. Now, he says that he tremendously enjoys being president of the International Red Cross, although he thought that he would need to engage in far less politics. He engages in politics and, as a person who was educated in Rome, his politics are rather open, far different from Swiss formality. There in Rome, his father hid Jews at the beginning of World War II. For the sake of the Jews, the members of his family had to be crowded in their apartment. Then, he says, he discovered the issue of human rights for the first time in his life.

This week, he was here, for the third time. The previous Israel, that of the Likud governments, viewed his organization as a hostile nuisance, as an organization that asks too many questions about the prison conditions of Arabs and about demolition of homes, about administrative arrests and about the killing of children and that must be an antisemitic organization. Now, he says that he has encountered a new atmosphere here. To his regret, however, its pragmatic manifestations, in actuality, are few. He had good talks with good people, and only the conversation with the prime minister cast a slightly dark shadow over everything. Rabin responded to every claim that he raised with defense considerations, but the fact is that Sommaruga knows that defense considerations cannot cover for everything. Talking with him leaves an impression of a very open man who is pleasant to come in contact with and is certainly not particularly hostile to Israel.

We first met at a lunch held in his honor by the deputy foreign minister, Yossi Beilin. The makeup of the participants was enough to indicate a new wind that is perhaps beginning to blow here: the director general of "Betzelem," Yizhar Be'er, the founder of "Betzelem," MK [member of Knesset] Dedi Tzucker, and Abie Natan. These are the people whom Beilin chose to introduce him to. A state meal in which the director general of "Betzelem" provided him with information on the killing of children by our forces. Tzucker reported to him on legislation regarding human rights in his constitution committee. Abie Natan complained about the terrible maintenance conditions of the big hospital in Mogadishu and Beilin asked him to assist us in liberating ourselves from the burden of the occupation. All of this around breast of chicken on a bed of noodles, served in Madagascar sauce, at the King David Hotel in Jerusalem. An almost surreal picture of a state meal.

"Do not rely on us and do not rely on any government. That is your job," Tzucker suggested to him. Sommaruga said that he is full of admiration for what Abie Natan is doing throughout the world and for what "Betzelem" is doing in Israel.

The next day, at breakfast on the beautiful patio of the American Colony Hotel in East Jerusalem where he is staying, he told me that he had hoped that the peace talks would make his work easier here, and he was disappointed. It turns out that for the Israelis, and particularly for their prime minister, political negotiations are one thing and human rights are another, as the desire that the Red Cross help in locating our missing persons and prisoners are one thing, and the grant of permission for the representatives of the organization to visit Lebanese who have been brought here is another.

He especially complained to the prime minister about the killing of children and the demolition of homes during operations designed to apprehend wanted persons. Nothing can persuade him that it is necessary to destroy 20 homes of innocent civilians in order to apprehend one wanted person. And the prison conditions of the Palestinians have remained without improvement, in spite of the new government, he says. He does not claim that there are

no grounds for administrative arrest or that we are torturing prisoners. No, not at all. But the combination of solitary confinement for 28 days with a pretty aggressive interrogation, even according to the report of the Landau Commission—which, of course, he is familiar with—break the emotional and physical integrity of the detainee. Administrative arrest? This is possible, but not for long periods of time and within the territories themselves. The transfer of detainees to Ketzi'ot is a violation of the Fourth Geneva Convention, which he constantly refers to.

You show Sheikh 'Obeid on television, he complains, but you do not allow our representative to visit him. This is humiliating. "Suddenly, you doubt us, which you do not do when you ask us to assist in the location of your missing [soldiers]. Also, the linkage that you create between a visit by our representative with the Lebanese imprisoned in Israel and your missing [soldiers] is in contravention of the Geneva Convention. We cannot work this way anywhere in the world." This week, he met with the families of the missing [soldiers] and he said that this was an unbearably difficult for him. When he said that, he was believable. And the story on Hiam prison: Representatives of our organization were never allowed to visit this prison. For years, Israel referred us to General Lahad, and Gen. Lahad referred us to IDF [Israel Defense Forces] authorities. Everyone denies responsibility, but Sommaruga says that Israel has proved that it is the real boss in the security zone by the deportee affair. Therefore, he considers the security zone to be an occupied territory.

But, no, we are far from being the worst in the world, in his opinion. "Israel has the power of an open democracy. The fact is that, even if the Red Cross was not here, I would know everything about you from the press and from conversations with people—and that is power. But therefore, particularly, when I look at your violations of the Geneva Convention, my disappointment is even greater than in other countries, because of the democratic philosophy that serves as the foundation of the State of Israel. In the territories occupied by you, there are types of behavior that are among the most grave that I have ever seen."

[Levy] For example?

[Sommaruga] The demolition of homes, the manner and the force that the military employs in order to maintain law and order and also the issue of the settlements. Allow me to say that it is very difficult to compare such lengthy occupation with any other situation of occupation today in the world. Usually, the political solutions are found faster than here. In East Timor, which is occupied by Indonesia, I saw a similar reality, but the settlements worsen the comparison, to your detriment.

[Levy] Is there any such thing as enlightened occupation?

[Sommaruga] That is a good question. We are operating on the basis of international laws that were designed to protect civilians in a situation of occupation. In the civil war in Switzerland, in the previous century, there was a Swiss general who told his troops that they would be judged not only by their victory, but also by their treatment of civilians, women, children and prisoners. This was

way before the signing of the conventions, and every general, every place, must tell this to his troops.

Sommaruga was elected for his job in a kind of top-secret proceeding. In Geneva, that is how they elect a president for an organization with a budget, this year, of 850 million Swiss francs (1.6 billion NIS [new Israeli shekels]). The 7,500 employees are no longer all Swiss like they once were, but most of them still come from the land of Toblerone. They can periodically be found in the ruins of Han Yunes or Dir el-Balah; blond youths who are based in sewage [as published] and it is not always clear why. No, it does not exempt them from military service in their country. Sommaruga ordered yogurt with granola, but he called it some Swiss name, and the Palestinian waiter said that he would inquire what it is. He has not visited Bosnia since the crisis broke out there, and that is rather surprising. He says that it is not good that he visit there now, but he has a delegation of 180 people there. It is also written in his black notepad that, over the past three months, his organization has sent 260 tons of food to the [Maniaza] detention camp, even though they usually do not send food. The world, he says, has not become any better.

Israel Founded as Jewish State, Not Democracy

93AA0086A Tel Aviv YEDI'OT AHARONOT (Weekend Supplement) in Hebrew 28 May 93 pp 4-5, 19

[Commentary by Ari'el Sharon]

[Text] My remarks at the Likud convention regarding democracy and the Jewish state provoked, as expected, a storm among those who rejoice at every opportunity to present me as the "enemy of democracy," not to mention the "enemy of the people," by quoting my remarks in a partial and distorted manner.

At the Likud convention, I said, "Our grandparents and parents did not come here to establish a democracy. It is a good thing that true democracy such as this developed, [but] they came here to establish a Jewish state. Remember this!"

It should be clear to anyone, who is not interested in knowingly and intentionally distorting my remarks, that a Jewish state is democratic by definition.

The real danger to Israel's existence is now being posed precisely by those who sing the praises of democracy and peace, when they are actually destroying the foundations of the democratic, Jewish state on a daily basis. If they succeed, this state will be handed over to the followers of the murderous dictatorship of a Palestinian-PLO state.

The Proclamation of Independence, which is the state of Israel's basic legal-political document and constitution, defines—in a most clear and binding manner—the nature of the state of Israel, the reasons for its establishment, and why it was established precisely in the land of Israel.

In four places, the proclamation states the character of the state, which was established on 14 May 1948. In one place, it states, "We hereby proclaim the establishment of a Jewish state in the land of Israel." In another, it refers to

"the Jewish state, which shall be called Israel." In two other places as well, the proclamation refers to the state as a "Jewish" state. It does not call it a "democratic" state, or a "Zionist" state, or even "the state of the Jews," but a "Jewish" state and only a "Jewish" state.

It does so in the sense of the Jewish religion. Therefore, the proclamation was signed "with trust in God, the Rock of Israel," and the state symbol is the temple menorah. No symbol is more Jewish-religious than the temple menorah. It embodies the unity of religion and Jewish nationalism, and the religious-historical right, which is the sole basis for the establishment of Jewish sovereignty in the land of Israel.

Government in Israel is based on the commandments of the Jewish religion, "on foundations of freedom, justice, and peace, in the light of the vision of the prophets of Israel," to quote the Old Testament. Therefore, Israel's government is necessarily democratic. However, the words "democracy" and "democratic" are completely absent from the Proclamation of Independence. This is no accident. Zionism was clearly intended not to add democracy to the world, but to establish (and only in the land of Zion) a Jewish state that belongs to the entire Jewish people, in which all Jews in the diaspora have a share, and over which they have ownership.

The apparent conflict between the return to Zion and the rules of democracy, in their plain sense, has long been recognized. Is anything more undemocratic, in the eyes of the Arabs and their supporters, than bringing a million people to a certain land against the will of the inhabitants of that land? Or, is there anything more undemocratic than—as the Arabs claim—the establishment of a state of millions of foreigners in a land which those foreigners conquered or entered forcefully (illegally) by waging a war against its inhabitants, occupying their settlements, and causing most of them to flee or go into exile?

Can there be anything more outwardly antidemocratic than such remarks as, "The state of Israel is not like all states.... The inhabitants of the land did not establish the state, nor was it established for them.... The ingathering of exiles is the desire, promise, and mission of the state of Israel"? These remarks were of course made by the state's founder, David Ben-Gurion. Is any law more undemocratic and seemingly discriminatory than the Law of Return, "which stipulates that the right of a Jew abroad to settle in the state is not granted by the state, but is stamped on him because he is a Jew." Again, these are the remarks of Ben-Gurion, the father of Jewish democracy in the land of Israel.

Let us remember that the Law of return grants automatic citizenship to Jews whose ancestors of the past 40 generations were born outside of the land. However, it denies the right of return to people who lived on the land, as did their ancestors before them, but fled or were caused to flee from their homes and land because of a war, which, from their standpoint, was a defensive war against an invader bent on dispossession.

From its inception, Zionism could not behave according to the rules of democracy if it was to strengthen and increase the Jewish population in the land of Israel before the state arose. As early as the start of British rule, 74 years ago, the Arabs, who represented 90 percent of the population of the land of Israel (Palestine), demanded the establishment of a representative body to decide democratically—i.e., according to the majority—fateful questions concerning the inhabitants of the land, e.g., the question of Jewish immigration. The Zionist movement immediately mounted a struggle with all of its might to derail this demand.

The British White Paper of 1940 [as published] that stopped Jewish land purchasing] was also very democratic. Actually, it was a death sentence against the Zionist enterprise. Only the outbreak of World War II and the holocaust prevented its full execution. The British Government claimed that the paper faithfully reflected the desires and interests of the Arab population, the overwhelming majority in the land at the time. Of course, the White Paper did not prevent—and rightly so—the Jewish population in the land of Israel and the Zionist movement from declaring war against it through their avowedly violent violation of the rule of law.

Regarding the fate of the land of Israel and its Jewish future, the international community also had the approach that it was necessary to in effect decide contrary to the rules of democracy. Hence, the establishment of a Jewish political entity—"a national home"—is the only goal mentioned by the Balfour Declaration and the British mandate in Palestine on behalf of the League of Nations, which was also approved by the United States. This action disregarded, intentionally it would seem, the will of 90 percent of the population, and it paralleled the redrawing of the map of Europe and the Middle East based on the nationalities of the local inhabitants. If you say that the "natives" were still disregarded in the twenties, let us remember that they were still disregarded as late as 1947. The UN resolution of 1947 to partition the western land of Israel, which granted 55 percent of the territory to the Jews (then only one-third of the entire population), was diametrically opposed to the explicit will of the Palestinian Arabs, still the overwhelming majority in the land at the time.

Zionism and the international community disregarded the rules of democracy subsequently as well. However, they did so only outwardly, acting in the spirit of correct democracy, because the rules of democracy are not an end in themselves, but only a means.

These rules are positive only when they serve a correct purpose. But they are harmful and to be rejected when they serve an evil purpose. We should remember that the terrible Nazi regime rose to power based on the rules of democracy. Khomeini enjoyed the support of a decisive majority among his people when he created, in Iran, a benighted, murderous regime posing a danger to the world and to his own people. The enlightened world applauded the Algerian Army recently when it used force to prevent fundamentalist Muslims from rising to power there, even though they won in fair elections.

Regarding all that pertains to fate of the Jews of the land of Israel, true democracy is only that which enables and promotes the imperatives of the political establishment and the actualization of the Jewish people's historically justified hereditary title ("the biblical certificate of registration of immoveables"). This was the opinion of Zionism and later of the international community. It enabled millions of Jews to continue to immigrate to and settle throughout the land of Israel, and to defend their lives.

The Arabs of the land of Israel-Palestine have always viewed themselves as being entitled to the land, while denying the Jewish right to the land. Moderates Arabs are perhaps willing to recognize the existence of some Jewish right, but only in subordination to the Arab right, which is of course the dominant and determining right. They have always viewed immigration and the establishment of Jewish sovereignty as a foreign takeover. In their eyes, the Jewish-Zionist dream is "murderous aggression"; if they fail to prevent it, they must do everything to reduce it, uproot it, cause it to atrophy, and eventually eliminate it in order to restore the land and sovereignty to its "legal owners," with a minimal Jewish presence, and preferably no Jews at all.

The Palestinian Charter—which calls for the elimination of the Jewish state and the Jewish people—expresses not only the PLO leadership's opinion, but that of the majority of Palestinian Arabs, including some who are citizens of Israel. Jewish rule was imposed forcefully on them after they failed in the war of annihilation, which they declared against the Jewish population in the War of Independence. Let us be honest, at least with ourselves. If, God forbid, we were to disappear, I do not know if any Arab citizen of Israel would shed a tear.

The true or utmost loyalty of most of the Arabs of Israel, including most Arab politicians and Knesset members, is not to Israel, but to the Arab, Palestinian interest. This stems not so much from a hatred of Israel and a wish to destroy it (which some harbor), but from what they perceive wholeheartedly as a basic national duty.

Before the new squires of Israel's Knesset—i.e., the Arab nationalist Knesset members—and their allies on the obsequious, collaborative left pour out their wrath on me, each one of them would do well to first ask himself: Are the stipulations of the Proclamation of Independence truly acceptable to me? Is the anthem, which says "as long as a Jewish heart beats," my anthem? Is the temple menorah (now buried under the floor of the Dome of the Rock Mosque) my symbol? Am I willing to risk my life, in the face of every foreign conspirer, to fight under the flag bearing the shield of King David to perpetuate the existence of Israel as "a Jewish state in the land of Israel," which is founded on the Law of Return (and to which the "right of return" would be a disaster), which belongs to every Jew throughout the world by dint of hereditary title, and whose supreme goal is the ingathering of the exiles of Israel? Is the Holocaust for me Hitler's holocaust or the Arab failure to wipe out Israel in 1948 and subsequently?

Was the "original" mufti, al-Husayni, a despicable Nazi war criminal, as he truly was, or was he perhaps a national hero?

If his answers to these questions are the same as those that would be given by any sane Jew, even one on the left, he has only to declare them publicly. He must also loudly reject the Palestinian Charter as a despicable document and vigorously seek to fulfill the regular citizenship duties required of every Jewish citizen in Israel (as do the Druze, Circassians, some of the Bedouin, and a even a few Arabs). Maybe then, my argument would be rendered groundless. In that case, I would apologize for every word that could be interpreted as casting a greater shadow of doubt on his loyalty to the state of Israel than on his excessive loyalty to the Arab, Palestinian interest.

However, to my regret, the signs which I see and feel are completely the opposite.

The political power of the Arabs of Israel is especially strong at present, because Yitzhaq Rabin has chosen to be the first in Israel to establish a government that is based on the support of a minority of the Jewish public and held in power only by the guaranteed vote and support of all of the Arab, nationalist parties and Knesset members.

I do not think that Yitzhaq Rabin's true assessment of his supporters differs fundamentally from my own assessment of them. However, I fear that his weakness, or his political ambition, are stronger than his appraisals and his fears. Granting the Arabs of Israel or their representatives the right to decide, for better or worse, the fate of the Jewish state and the Jewish people is too high a price to pay for ensuring the survival of the Rabin government and Yitzhaq Rabin's place in history. It is certainly too great a risk for all of us.

This is a complex, sensitive problem for which a solution must be found. There are different solutions, ranging from a special majority in the Knesset to nonparticipation in decisions regarding matters related to our very survival. It should be remembered that the question of whether or not to stay in the Golan, or whether or not to establish "self-rule" in Judea, Samaria, and Gaza (read a second Arab, Palestinian state in addition to Jordan) in the land of Israel are existential questions, which only we can decide. They are not existential for the Arabs of Israel, who, as stated above, would be likely to perceive what would be a historical disaster for us as the "rectification of an injustice" and a desirable development.

For all of these reasons, when we decide these and other fateful questions, it would not at all be democratic to automatically apply the rules of democracy, in their simple meaning, by in effect giving the right to decide to Arab, Palestinian nationalism. Doing so would be imprudent and contrary to the Zionist outlook, Zionist history, and Jewish existence. It would be like committing national suicide by handing the noose to the one who could be—if only because of his wholehearted national loyalty to his people—the hangman. Not only Jabotinski, but also Berl Katznelson, Ben-Gurion, Golda Me'ir, and Yig'al Allon, would not allow this.

Temple Mount Faithful March to Mendelbaum Gate*93AA0092A Tel Aviv HA'ARETZ in Hebrew
20 May 93 p 3*

[Article by Nadav Shragay and Dalya Shori: "Tens of Temple Mount Faithful Packed Up the Flags That They Carried and Went Up to the Mount In Threes"]

[Text] The police allowed yesterday a large group of tens of Temple Mount Faithful to go up to the Temple Mount in threes. The leader of the group, Gershon Solomon, was not allowed to enter the Temple Mount complex, and the police explained this by citing the fear for his life and his personal security, following the death sentence that was imposed on him by the terrorist organizations.

The High Court of Justice confirmed the decision of the police by a majority decision, and denied Solomon's appeal in the matter. The Temple Mount Faithful marched on a 7-km route, following the battle sites of the Six-Day War, carrying flags. They were asked to pack up the flags before they entered the courtyard of the Temple Mount.

Some tens of Temple Mount Faithful gathered during the morning at the memorial site on Ammunition Hill and held a ceremony in memory of those who fell.

Next to the monument, the Temple Mount Faithful held a ceremony of "seeking forgiveness for those who fell victims, wasted by the Rabin-Darwishah-Aloni government. This is against the background of the tendency to surrender parts of Jerusalem to Arab authorities, the inclusion of Faysal al-Husayni in the talks, and the permission that was apparently granted to East Jerusalem Arabs to participate in autonomy elections."

A similar ceremony was also held next to the monument to those who fell during the Six-Day War at Shaykh Jarrah. Afterward, the marchers arrived at the Mandelbaum Gate—the crossing point between Jewish Jerusalem and Arab Jerusalem until the Six-Day War.

In front of the police who accompanied them along the entire route, and in front of the lenses of the cameramen, the marchers extended a symbolic cardboard wall, in order to show the danger of the redivision of Jerusalem.

Barbed wire was hung on the cardboard wall and on either side were stationed two persons dressed as Palestinian policemen. After breaking the cardboard wall, the Temple Mount Faithful held a symbolic burial for the autonomy and the State of Palestine.

Afterwards, the Temple Mount Faithful turned towards the Lions Gate. The march and the ascent to the Temple Mount at its conclusion were guarded by enlarged police forces, and order was disturbed at only one place, when the marchers were stoned in the area of Shaykh Jarrah. No one was injured.

Solomon Requested 'To Go Around and To Descend'

The law does not permit the authorities to forbid entry to a lone individual to the Temple Mount—in contrast to an ascent to the Mount in the framework of a procession or a demonstration.

This was the argument yesterday of Gershon Solomon's attorney in the urgent appeal to the Supreme Court asking that the police cancel the ban that they had imposed on his entry to the Temple Mount complex and allow him to go up to the Temple Mount on a special basis on Jerusalem Day, which fell yesterday.

In his appeal, Solomon said through Attorney Naftali Wertzberger that he would be ready to go up to the Temple Mount at any time specified by the police, by any route that they would allow, without praying, without any other persons, only "to go around and to descend," just so that he could spend time on the Temple Mount on Jerusalem Day.

Supreme Court Justices Aharon Barak and Te'odor Or decided in a majority opinion, against Justice Eli'ezer Goldberg, who remained in the minority, to deny Solomon's appeal. The court's reasoning will be given at a later date.

Attorney Menahem Mazoz, who is in charge of appeals to the Supreme Court in the State Attorney's Office, announced in the hearing that the police did not oppose Solomon's going up to the Temple Mount on ordinary days.

Attorney Mazoz expression unequivocal opposition to Solomon's ascending to the Temple Mount yesterday, and said that this would constitute "a very real danger of severe impairment of public peace and public order."

MOROCCO**Limitations, Inequities in Society Discussed***93AF0677A Paris LE MONDE in French 23-25 June 93*

[Article in three installments by Jacques de Barrin: "Fragile Morocco"]

[23 Jun pp 1, 5]

[Text] (On 25 June, 11.5 million Moroccans are called to take part in choosing two-thirds of the Parliament, the other third being elected indirectly by diverse professional groups. The current parliament was elected on 14 September 1984, its mandate having been extended, among other things because of the Western Sahara issue. The Istiqlal party and the Socialist Union of Popular Forces [USFP], the two largest opposition formations, are fielding a single list of candidates...)

Rabat—People are sporting "buttons" and key rings bearing the likeness of Noubir Amaoui. Sentenced on 28 January to two years in prison with no possibility of remission, for utterances "injurious" to members of the government, this agitator—who is both secretary general of the Democratic Labor Confederation (CDT) and a member of the USFP political bureau—has become the

mascot of the most impatient advocates of serious change. "He was the first publicly to demand a redefinition of royal prerogatives," notes a young militant who is looking ahead beyond the electoral vagaries of the day to the arrival of a "Moroccan spring."

Mr. Amaoui may have spoken the truth, but his untimely statements upset the whole political class, although many of them now are demanding his release. Some who in various ways profit from the system reacted with knee-jerk defensiveness, but those who have taken the measure of Morocco's social problems reacted more cautiously.

Hassan II, great "alchemist" that he is, plays on the ultraconservative bent of one segment of his people to temper the rush of the other toward modernity. And vice versa. At the risk of confusing observers of the local scene.

Will the election of a new parliament, in the framework of a constitution freshly revised to strengthen legislative power, alter the course of events? Few Moroccans believe the existing system has much going for it—indeed, few would have bothered to vote, especially in the rural areas, were it not thought safer to heed the injunctions of government agents. Having witnessed and been victimized by so many abuses, threats and pressures, they know from experience that the ballot box is not, as things now stand, an "open sesame" to a better life. "We would have liked to demand a collective resignation," comments one CDT leader, "because nothing else would really change things."

All across the political spectrum, people are spouting the new buzz words of "change," "transparency," "common program," and "alternation." "Many of the terms actually have no real meaning in Morocco," admits M'Amed Boucetta, secretary general of Istiqlal, which has refused to participate in televised debates in the current campaign due to the absence of governmental interlocutors authorized to respond to their questions or answerable for their administrative actions. Hassan II, by instructing his outgoing prime minister on 14 June to prepare within the following 10 days an "aggressive growth and development" program for the medium and long term, has sharply limited the scope of the electoral exercise.

So, is it necessary to reject what one angry official of the Moroccan Labor Federation (UMT) terms an "unhealthy game of formal democracy," a "political circus" in which opposition parties, to protect their position, maintain artificially conflictive relations with the regime based on a threat to "do something bad" if they are suppressed? Those who prefer not to partake of the democratic feast, fearing the royal food is poisoned, risk going hungry for a very long time. "The incentive to revolt has been broken," one lawyer admits. And it won't be popular uprisings, harshly repressed—the most recent dates back to December 1990, in Fes—that bring radical change.

At a minimum, these radicals hope to burden with guilt those who want to reform the system from within. And was it not they who put Istiqlal and USFP in a position where they were constrained to boycott the constitutional referendum on 4 September last year? Of course, that did not

prevent those two formations from citing the new constitutional provisions to justify their participation in the legislative elections. "The new institutional scenario is a little more effective," notes Abderrahman Youssoufi, first secretary of the USFP. "Our mission is to dynamize political life." Mr. Boucetta is on the same wavelength: "Despite flagrant violations of the democratic process, we intend, by our presence, to take concrete and decisive action" to constrain the regime to keep its word.

As undramatic as it may be, this technique of "democratic nibbling" has had some effect. "The government has had some difficult moments in parliament," recalls Ahmed Osman, president of the National Rally of Independents (RNI) and former president of the legislative chamber. Among other recent concessions, the regime has begun updating voter lists and allowing parties in the race access to official media outlets. "Even if the vote count is fraudulent, the experience will have been positive, because this sort of exercise disturbs the peace of mind of those who serve the regime," confides one USFP militant.

What persuades many Moroccans today, despite their frustration and disenchantment, to remain moderate in their demands is not so much the string of small concessions extracted from an ever-suspicious regime by repeated heroic efforts as an appreciation of all the political, economic, and diplomatic constraints. "No one wants to destabilize Hassan II," says one sociologist. "We demand a lot and accept the very small crumbs we are given," confides a CDT leader, "because we don't want to sink together into the unknown."

Islamic Credo

For many Moroccans, this unknown bears a disquieting resemblance to neighboring Algeria. Objectively speaking, the existence of the Algerian scarecrow on the borders of his kingdom serves the designs of Hassan II, who wants to administer the medicine of democracy to his people in homeopathic doses and convince them that impatience is a poor political counselor. Not all those who pray to Allah to preserve the Moroccan throne from danger are yes-men. Some are just praying for the lesser of two evils. Because, as they explain it, "for the moment, at least, the only credible alternative to the existing regime is the Islamic solution."

"Fortunately, there is a respected and active government," says Mahjoubi Ahardane, president of the Popular National Movement (MNP), with evident satisfaction. "There's no risk of an FIS [Islamic Salvation Front] here because we have a spiritual father." For the time being the Islamists are keeping a low profile, convinced that undue haste would ruin their prospects, and working to prepare the way for Allah. The leader of the most representative of the fundamentalist movements, Al-Adi Wal-Ihsan ("Justice and Benevolence"), Shaykh Yassine, who has been under house arrest since December 1989, continues to ignore the overtures of Hassan II, who urges him to "work within the framework of institutions."

Composed of a network of "small families" of a dozen people each, Shaykh Yassine's unrecognized movement

claims it has a half-million sympathizers. "Our credo is to educate the people," says one fundamentalist militant. "First we targeted the schools, now we are laying siege to the country's universities." Many Moroccans take the threat seriously. "They have staked all their hopes on the younger generation," notes one academic. They are also having some success in the welfare domain—the only one from which they are not barred—and in that capacity have undertaken various charitable works. With the secret hope that one day the regime will fall like a ripe fruit into their pocket. But alas, it seems clear that in a society as immoral as this one only "fools of God" are interested in purity.

The campaign rhetoric of parliamentary candidates seems to fall on deaf ears, for Moroccan voters have already seen and heard too much. "Better a Moroccan-style caricature of democracy than a Tunisian-style caricature of dictatorship," retorts a disillusioned former majority deputy. Be content with little, expect nothing from the Powerful: Are these then the lessons to be drawn from the "great democratic celebration" of 25 June?

[24 Jun p 4]

[Text] (After analyzing, in the first article, the limits of the ostensibly "great democratic celebration" of 25 June [i.e., the legislative elections], our special correspondent focuses on the unbalanced development of Moroccan society—and the risks it entails...)

"In Morocco, to govern is to rain," Lyautey once loved to say. Two consecutive years of drought have impeded economic growth, which in any case was benefiting few in the rural areas where half the Moroccan population lives. Here and there in the countryside, however, lambs were slaughtered on Sacrifice Day. "It's just as well, there would have been no way to feed them," comments one "colonist." While it may be true there are children these days climbing down into wells to scratch for water, many desperate peasants instead seek their fortune in the cities, having been abandoned by both God and man.

"We have always been governed by people with an urban mind-set," complains Mahjoubi Ahardane, president of the MNP. "The rural world is marginalized. It must be integrated into the nation's economic life." It's the city now that feeds the countryside. "Moroccan society is unequally developed," admits Habib El Malki, secretary general of the National Council of Youth and the Future (CNJA), which notes the priority now being given to salvaging the provinces in the north, whereas governmental efforts in the past, for reasons of state, had been focused on the Saharan provinces.

But "wretched conditions" are no monopoly of rural areas. The structural adjustment policy, which got the country's macroeconomic indicators back in balance—and which Hassan II admits was implemented "at an enormous social cost"—has widened the gap between haves and have-nots, forcing the middle class to fight hard to keep up its standard of living. Two societies are cohabiting, each with its own network, each with its own values. The disadvantaged—poorly housed, poorly educated, poorly doctored, and poorly transported—must endure the arrogance of a

world run by upstarts. Casablanca has a glut of luxury apartments that go on the market at prices almost as steep as those in Paris, while on the periphery, in the shanty town of Carrieres Centrales—which admittedly is being resorbed—women and children form watering parties at the public fountain.

Extortion, Corruption

"Despite everything, Moroccan society is not a pressure cooker," one academic assures us. "I don't perceive a lot of hostility. Markets are well supplied, even if prices leave something to be desired. Generally speaking, compared to our Algerian neighbors, we feel good about ourselves." Whether out of fatalism or powerlessness, the poorest have chosen, it seems, to take life as it comes. "The man in the street is used to shelling out a 10-dirham note to get a birth certificate, because he knows the petty official who demands it is not much better off than he," one lawyer says.

Cooperation must be purchased, at every level of the regime and on all occasions, whether one is buying votes, silence about suspicious transactions, or impunity for a common crime. Extortion, corruption, nepotism, immorality: Moroccan society is a society of privileges that people fight to obtain and preserve. Hassan II admitted recently on the "7 on 7" program that "the rich are not paying their taxes." Evidence for this can be seen in the facts that two-thirds of tax revenues come from indirect imposts and one-third of all imports are contraband.

Look at the cannabis traffic, against which Hassan II declared unconditional war last fall. After the royal chastisement, the "dealers" just replenished their stocks and the mountain people of the Rif reseeded their fields. "The drug barons have insinuated themselves so pervasively in the machinery of government that I now think they're much more dangerous than the Islamists," says one local observer.

"Let's not lull ourselves with naive illusions," urged a recent editorial in AL BAYANE, the Party of Progress and Socialism (PPS) daily. "Corruption is a chancre that has gangrenously infected Moroccan society in its innermost heart...and even Cinderella's fairy godmother may be powerless to turn a mafioso into an honest citizen." All the same, some people are trying to resist these foul influences. A new generation of industrialists is trying to make things hard for bribe seekers. The reputedly scrappy health minister, former dean of the faculty of medicine at Casablanca, has successfully carried out a far-reaching purge of corruption in his ministry's bureaucracy.

Social Deficit

The entire political class is cognizant of the danger of increased social inequalities, especially at a time when population growth is still out of control. One among thousands of examples: Tachedirt, a small village in Haut-Atlas, counts 70 families of 7 to 11 children each, none of whom have much of a future. The statistics speak for themselves: More than 3 million school-age urchins are not getting an education, some 7 million Moroccans have no access to medical care, one-third of urban households lack

running water in the home, urban unemployment is over 17 percent. On the "bright" side: According to AL BAY-ANE, a minister earns 50 times as much as a minimum-wage worker and seven times as much as a university professor....

Ahmed Osman, president of RNI and Hassan II's brother-in-law, calls for a "social dialogue," for an "active solidarity" between all components of Moroccan society to be achieved, he says, through administrative reform. The USFP and Istiqlal, the two main opposition formations, which have established a "common program," propose to "pay off the social deficit."

"We must have a new type of recovery, one not based solely on investment," agrees Mr. El Malki. "While the 1980's were years of economic adjustment, the 1990's should be years of social adjustment." CNJA wants to do something about the key issue of jobless young people—every year close to 60,000 graduates and 200,000 nongraduates enter the job market—"something serious, not just demagogic."

While local communities have reacted favorably to CNJA's appeals for help to meet the challenge of unemployed youth, the public sector has been largely unresponsive, owing to the economic slump. Experts say the government lacks the financial means to achieve its goal of laying the foundations of a less unjust society. Trade unionists complain about it but are in no position to influence the course of events: "Society is mired in the depths of depression right now."

Does the "anything-goes" society have a future? In the past, many things were known but left unsaid. "Today," notes one sociologist, "there are tremors of change: People are beginning to pull their heads out of the sand, to speak out." A boomerang effect: As badly botched as it was, the trial of Mohamed Mustapha Tabet, principal commissioner of the police security branch in Casablanca, and the death sentence he received on 13 March for having raped at least 500 women, have exorcised certain fears, broken certain taboos. Can the fall of that "untouchable" really have no sequel?

[25 Jun p 5]

[Text] (After analyzing first the limits of the "great democratic celebration" scheduled for 25 June, then the inequalities of Moroccan development, our special correspondent today discusses the problem of respect for human rights...)

Rabat—He might have wanted to cast his vote on 25 June, but the government did not give him the choice, refusing to inscribe his name on the electoral rolls. A former Air Force sergeant, Abdallah Aaguaou, 46, is today a noncitizen. Accused of involvement in an August 1972 attack on the royal Boeing, he was sentenced to three years in prison but for no apparent reason was kept behind bars for 19 and ½ years at the "death-house" penal facility of Tazmamart.

Since his release, this ruined soldier and his comrades in captivity have been demanding justice. "They're going to give you indemnities, housing and even find you a job,"

they were told before their discharge, to give them a chance for a new life after enduring a truly infernal ordeal. Vanished promises, unanswered letters: "We are forgotten, despised," laments Abdallah Aaguaou, who is learning to fight for his dignity. "If they decide to file a complaint, we will have no choice but to support their case," says Amina Bouayach, treasurer of the Moroccan Human Rights Organization (OMDH).

The closing of the secret prison at Tazmamart, release of a number of political prisoners, and revision of the penal laws do not mark the end of the struggle for civil liberties—far from it. Even an organization created at Hassan II's initiative, the Consultative Council on Human Rights (CCDH)—which according to a recent U.S. State Department report "seemed increasingly manipulated by the government for propaganda purposes"—admits the existence of "serious problems."

OMDH goes into painstaking detail to verify reports and complaints that come to it through various channels, but that doesn't weaken the severity of its judgment. So far it has identified 553 political detainees and prepared an "incomplete list" of 17 "disappeareds" not including hundreds of persons from the Western Sahara. But absent credible testimony it cannot "confirm or deny" the existence of other Tazmamarts.

Does the fort of Kalaat M'Gouna near Ouarzazate in the picturesque valley of the Dades still conceal a secret prison, as rumor has it? During Anne Sinclair's recent television appearance on "7 on 7" on TF1, Hassan II swore by all that is holy there was nothing to the rumor, and gave assurances Kalaat M'Gouna is nothing more than "the rose capital." "But how can he be believed?" asks one lawyer. "Didn't he always say in the past that Tazmamart existed only in the minds of a few cranks?"

OMDH also reports all sorts of bizarre judicial actions, from the most serious to the most peculiar: the deaths of suspects while under close watch at police stations or inside prisons, the sentencing of a doctor two times in four days for the same offense. Not to mention deplorable prison conditions, bans on leaving the country, the many anxieties with which Moroccan prisoners of conscience must contend.

It is no easy task for the three organizations for defense of human rights to pursue their investigations, since the authorities arrogantly ignore them—except when inviting them to serve as "extras" on the CCDH—and scrupulously avoid answering their letters. But despite these obstacles, they have succeeded in arousing people's interest in these forbidden dossiers, and in getting out the facts.

"Today, we are getting illiterates who come from the interior to complain about abuses of power by the local kaid," says Mrs. Bouayach. "No more do they hesitate to telephone us, or travel here if necessary." Several weeks ago, in El Ksiba, in the heart of the Berber country, peasants in the area grew so bold as to take justice into their own hands and set fire to a police car.

Under the weight of diverse internal and external pressures, the government out of concern for its image has been obliged to make some concessions, for example, allowing the former Tazmamart prisoners convicted of attempted regicide to publish open letters in the local press. Hassan II uses the CCDH to do such things as improve the laws—on close watch and preventive detention—fill in the gaps with respect to the administrative tribunals—and correct improper passport issuance procedures. But often official instructions are not followed to the letter. It will take years, in fact, to civilize enforcement agents who like to dispose of cases quickly and who are more inclined, when trying to get a confession, to flog a prisoner than interrogate him.

Labor Rights

Humanitarian organizations face an equally arduous battle to defend economic and labor rights. The unions complain among other things about restrictions on the right to strike, considered a violation of freedom of labor, about constraints imposed—under cover of “prior authorization”—to frustrate the right to demonstrate. They criticize employers for ignoring their obligations to provide social benefits, for hiring children (though according to OMDH this is a rather uncommon practice). The government is charged with failure to respect the regulations on civil servant tenure, with paying some employees scarcely half the minimum wage.

“In the vast domain of civil liberties, Morocco has some good laws and a solid juridical arsenal,” opines one jurist. “What is terribly lacking is the will to make use of them.” “We have won a number of court cases,” notes a leader of the Democratic Labor Confederation (CDT), “but never succeeded in getting the judgments enforced.”

Mrs. Bouayach more bluntly states that “Morocco has no independent judiciary. This is one of the most flagrant breaches of human rights.” “We have one of the worst judiciaries in the world,” says an attorney trained in French law. “Our magistrates are poorly trained, poorly paid, given inadequate facilities, and worst of all corrupt.” Abuses of power are still the most natural thing in the world—and widely practiced by all who hold a morsel of authority in this Maghreb kingdom, which nevertheless openly admits it dreams of joining a Europe it thinks it understands.

Efforts To Stem Heroine, Cocaine Transit Reported

93WD0600A Rabat AL-ALAM in Arabic
10 May 93 pp 1, 2

[Article by Abdesslam Chabaoui: “Narcotics War; Trucks Driven by European Community Drivers; Major Threat Is Embodied in Cocaine and Heroine Coming From Europe, America, and Asia”]

[Text] Presence of the EEC delegation assigned to study the question of drug enforcement, money laundering, and development of the areas of Jebala and the countryside during its “exploratory” visit to Tangier Port coincided with the port customs authorities’ seizure of a French truck

driven by a Belgian citizen. In hollowed pockets in the trailer, 1,551 kg of drugs were seized.

The observation which surprised the European delegation and on which some delegation members were not reluctant to comment is that the smuggling truck is from a major European Community country (France) and that its driver is from the country which is the Community capital (Belgium). What is more, one delegation member whispered to another, “If the accusation is made against Morocco and the Moroccans, then the actual perpetrators and beneficiaries from drug smuggling are Europeans and the EEC countries!”

This observation, recorded while some delegation members were inspecting the truck and the drug-smuggling techniques, motivates us to remind those concerned with the devastating drug-smuggling activity, especially the smuggling of domestic and imported varieties, of the following:

First, drugs produced in Morocco by Europeans, such as Netherlands, Belgians, Spaniards, French, Italians, Germans, and others, can be practically confronted and wiped out in the field. It is enough to try the naval guard, considering that the royal army troops guarding the coastline, patrols of the royal navy, the royal gendarmerie, and the coastal Mediterranean and Atlantic customs authorities have been able to stifle drug smugglers and the mafia running the fatal emigrant-smuggling boats almost completely.

Second, drugs that have penetrated our airspace, sea, and land and that are marketed and consumed in Morocco or that land in Morocco while waiting to cross to Europe are, in fact, the serious problem that poses an economic, social, behavioral, and security threat to the country and the citizens. Rather, behind these drugs lie all kinds of disasters, of which only a few reach the judiciary. This is a catastrophe that is difficult to fight. It is also difficult to stop it from spreading among both poor and rich.

What preparations have the Moroccan authorities, along with the European, U.S., and even Japanese authorities “who are sympathetic to Morocco,” made to fight drugs and confront this deluge?

Nothing to date, certainly. Morocco, with its limited intrinsic resources, has managed to control some smuggling outlets.

But the dangerous smuggling that has begun to ruin Moroccans (cocaine and heroine) does not come across the coastline that is guarded by land and by air. Rather, these drugs are sneaked through airports and ports, especially Tangier Port. Hundreds of European and international trucks cross this port going and coming to “transport” foodstuffs, farm products, and textile products between Morocco and Europe.

Contrary to what has been reported by a continental paper, Tangier Port has no sophisticated equipment or resources, especially police dogs, to uncover drugs. The customs authorities rely on the experience of their elements and the intelligence of their inspectors and officers. The police rely

on the experience and alertness of elements whose work weapons consist of a screwdriver, a hammer, and a pry.

According to approximate statistics, the Tangier Port Customs Authority seized during a short period, with nearly nonexistent resources, about 20 trailer trucks carrying no less than 70 tons of drugs. Yet, the authority men have received no commendation, no encouragement, and no reward, not even moral reward, from any Moroccan or international party. The police, understaffed as they are, have seized no less than a 100 trucks of all kinds and sizes carrying no less than 50 tons of drugs. Yet, they have received no commendation or encouragement.

The port's customs authority, which has excelled in seizing enormous quantities (nearly six tons in one seizure), the port police with their limited number, and even the royal gendarmerie, who have been introduced recently into the port, must be provided with at least 50 percent the work tools available to our Spanish neighbors. Energetic elements must be rewarded with financial awards, administrative promotions, and job grades.

What is feared now is not the smuggling of the "good-humor" powder or oil, especially since royal directives put the emphasis on eliminating the cultivation of Indian hemp, which is the source of marijuana. Rather, the imminent fear and danger that has begun to permeate all parts of Morocco (not just the geographic north, as the tendentious allege) is the entry of enormous quantities of cocaine, heroine, and other poisons coming from Europe through ports and airports.

It is enough to point out here a brief AFP report from Rotterdam on 20 April 1993 asserting that 350 kg [not specified further] were seized at this port [destined for] Morocco, meaning either Casablanca or Tangier!

Information provided to us by some knowledgeable people indicates that an international truck operating between Morocco and Europe used to "deliver" a box to a certain individual in an industrial area in the north. When this affair was exposed, it became evident that the box contained cocaine and heroine.

The danger has "nested" now in all parts and provinces of the country. The Casablanca, Rabat, and Tangier court trials are indicators of serious issues that must be confronted with the required responsibility.

A new victim was included in the list of dead people "assassinated" by white and liquid poisons, such as heroine injections. This citizen died and was buried on Friday, 30 April 1993, as a result of a lethal dose.

What is important now is that the danger of drugs is not confined to marijuana, or what is known by local consumers as a joint [word as published]. The danger to all is in what we get from Europe, America, and Asia.

Just for a reminder, Spain clamored all over the media, especially on television, when its general forces seized a truck carrying nearly two tons of drugs. The reason for the clamor is that the drugs were discovered in hollowed pockets in a trailer truck. Officials considered this discovery a precedent for the Spanish security, keeping in mind that Moroccan customs authorities at Tangier Port had seized two trucks in two operations preceding the operation by the Cadis and Cape Verde Islands in Spain.

With this reminder, I have sought to open the eyes of all those concerned with drug smuggling to the techniques of European drug traffickers and to their future distribution, marketing, and consumption strategy.

TUNISIA

Forecast for Opposition Seats Under Electoral Code

93AF0680A Tunis LE TEMPS in French
19 May 93 p 3

[Article by Mouldi M'barek: "Revision of the Electoral Code: 12 Seats for the Opposition?"; first two paragraphs are LE TEMPS introduction]

[Text] *Last Saturday [15 May] the High Committee on the National Pact studied the draft revision of the electoral code. It was reported that figures, including the opposition, were put forward for the composition of the new Chamber.*

The opposition parties are reported to be not satisfied with the proposals and they have not lost hope of seeing them improved.

An authorized opposition source has given us all the details of a meeting of the High Council of the National Pact [CSPN] devoted to a revision of the electoral code.

By way of a reminder, the new electoral code proposed on 27 December 1992 by the chief of state to the Chamber of Deputies was marked by a majority system at the regional level and a proportional system at the national level.

Currently the Chamber of Deputies has 141 members.

However, according to our source, the authorities have proposed dividing the total population of the country by 55,000 in order to come up with the total number of deputies.

Since Tunisia currently has 8,573,000 people, the total number of deputies would thus be on the order of 156.

Regarding the number of deputies estimated at the regional level, the authorities have proposed dividing the population of each governorship by 60,000 while adding that in cases where votes left over were more than 50%, one additional seat would be assigned to the electoral district, each one of which must have at least two seats.

So if we divide the population of each governorship by 60,000 while keeping in mind the two points we have just described, we get the following seats for the 23 governorships:

Tunis	855,600:60,000 = 14
Ariana	587,500:60,000 = 10
Ben Arous	336,500:60,000 = 6
Nabeul	556,900:60,000 = 9
Zaghuan	134,400:60,000 = 2
Bizerte	467,000:60,000 = 8
Beja	306,100:60,000 = 5
Jendouba	417,000:60,000 = 7
Le Kef	278,600:60,000 = 5
Siliana	253,200:60,000 = 4
Kairouan	518,000:60,000 = 9
Kasserine	384,100:60,000 = 6
Sidi Bouzid	365,100:60,000 = 6
Sousse	420,300:60,000 = 7
Monastir	350,200:60,000 = 6
Mahdia	330,900:60,000 = 12
Sfax	708,300:60,000 = 12
Gafsa	298,700:60,000 = 5
Tozeur	81,000:60,000 = 2
Kebili	125,000:60,000 = 2
Gabes	295,200:60,000 = 5
Medenine	376,300:60,000 = 6
Tataouine	126,900:60,000 = 2

So the number of anticipated seats at the regional level goes up to 144. So, according to the authorities' proposals, that share of seats set aside for the national level will be on the order of 12 deputies (156-144).

According to our sources, "with the exception of Mr. Abderrahmane Tlili, who was reported to have kept silent, all the other secretaries general of the opposition parties are reported to have shown their displeasure, stating that 12 seats set aside for the entire opposition will reinforce neither its credibility nor the image of a dynamic and genuine pluralism within Parliament." Of course it is believed that the RCD [Constitutionnal Democratic Rally] will win a majority of the seats at the regional level. Mr. Hedi Jilani, the president of the Tunisian Union for Industry, Trade and Handicrafts [UTICA], which also has a seat on the CSPN, among other national organizations, was reported to have proposed that "Tunisia make up in the next legislative elections for what she lost in 1989."

The secretaries general of the opposition parties were reported to have been grateful for the "UTICA president's sincere contribution."

Other points were reported to have been studied by the members of the CSPN.

The opposition parties were reported to have proposed a large-scale awareness campaign for voter registration and a more pluralistic type of information.

Regarding campaign financing, the authorities have proposed that it be according to the number of electors registered in each electoral district while prepaying 50 percent of the financing and [paying] the remaining 50 percent after the vote count (only parties receiving at least 3 percent of the vote would receive this latter payment).

Generally speaking, "the opposition parties were reported to be not very pleased with the authorities' proportions but within these parties the possibility has not been excluded that the proposals as they stand could be improved upon so as to respond to the hope which every Tunisian has put in the upcoming legislative elections" in April 1994, the secretary general of one opposition party told us.

HCDHLF Chairman Interviewed on Status Report 93AF0680C Tunis LE TEMPS in French 9 May 93 p 2

[Interview with Rachid Driss, chairman of the High Committee on Human Rights and Basic Freedoms (HCDHLF), with Mouldi Mbarek; place and date not given: "Mr. Rachid Driss, chairman of the HCDHLF interviewed by LE TEMPS: 'Tunisia Is Doing a Great Deal for Human Rights...And Much Remains To Be Done'"; first three paragraphs are LE TEMPS introduction]

[Text] *Mr. Rachid Driss, the chairman of the High Committee on Human Rights and Basic Freedoms [HCDHLF], has just submitted the second annual report on the HCDHLF's activities to the head of state.*

The first report, it should be reiterated, was submitted to the president of the Republic in April of last year.

In this interview with LE TEMPS, Mr. Rachid Driss provided us with more details on the second report.

[Mbarek] Since it was the committee that you chair, which drew up this report on the status of human rights and basic freedoms in Tunisia, what general statement do you have about this report?

[Driss] It is up to the president of the Republic to assess the various aspects of the HCDHLF's activities during the past year.

The report covers the meetings that were held, the studies that were carried out, and the steps that were taken by our committee.

[Mbarek] Mr. Rachid Driss, your report surveys the human rights situation in Tunisia. Does it contain complaints, for example, and of what sort they are?

[Driss] We had to look at several cases, several of which had a positive outcome.

For example, certain families asked that their detainees be looked after. These requests were fulfilled.

We also undertook steps to transfer certain detainees in order to bring them closer to their families' homes. Their families were pleased.

We visited the Manouba women's prison. Just a few weeks after our visit, several women were released.

The cases brought before us were varied. Some want to get their passport back, other try to get their job back, [and] some are worried about the status of a member of their family who is in prison. Yet others bring up sentences that were not carried out under the old government. Several cases don't even have anything to do with our committee's mission. But we can't turn them down. We send their files to the relevant departments, which study them and respond to their requests.

Several of these cases are more in the administrative mediator's province.

[Mbarek] Does the report touch on political issues?

[Driss] Yes, we received one complaint regarding two women arrested because they belonged to an unauthorized political movement.

We passed the complaint on to the Interior Ministry and the President of the Republic, who ordered their release.

[Mbarek] Does the report cover torture?

[Driss] There have been certain excesses that we had already referred to in our study report published in July 1992.

We hope these actions will not have to be repeated.

Besides, these issues are not peculiar to Tunisia. They are unfortunately part of human nature everywhere in the world.

Tunisia will abide by its international commitments and its own constitution. The president of the Republic never stops saying [this] so that Tunisia will become an example to follow with regard to democracy and human rights.

[Mbarek] Mr. Rachid Driss, you have also visited Tunisian prisons. How do you assess the detainees' situation?

[Driss] Generally speaking, the prisons can be seen as places of normal detention in which the detainees enjoy certain advantages such as television, newspapers, and medicines.

Certain prisoners even have a library. Others are able to learn a trade so they can reintegrate once they return to society.

Of course that doesn't mean that prisons are paradise. There is still much to be done to improve the detainees' moral situation.

[Mbarek] What is the president's reaction when you forward all these cases to him?

[Driss] For my part, I faithfully pass on to him all the cases which have been submitted for his attention.

For the individual cases, I must admit that I find him to be very understanding and in agreement with the action taken by the Committee.

[Mbarek] One final question: as a man committed to defending human rights, how do you assess the situation in our country?

[Driss] Tunisia has done a great deal to improve the human rights situation, but she still has a lot to do.

The issue of human rights is very sensitive. It requires everyone's efforts, which must be coordinated in a constructive spirit.

GATT Support for Expanded UTAP Role Sought

93AF0680B Tunis LE TEMPS in French
12 May 93 p 2

[Interview with Mohamed Gamra, vice president of UTAP (Tunisian Union for Agriculture and Fishing), by Zakia Azak; place and date not given: "The Vice President of UTAP on Future Agricultural Relations Between the Union of the Arab Maghreb and the EEC: 'Being Complementary In Time and Space'"; first two paragraphs are LE TEMPS introduction]

[Text] "*Prospects for agricultural relations between the Union of the Arab Maghreb and the European Economic Community*"; this was the subject of the meeting that was held these past two days in Tunis attended by countries and parties affected by this theme, one which it (it being UTAP [Tunisian Union for Agriculture and Fishing], which undertook to organize this meeting) wished to expand.

Attendance by the GATT representative at this meeting, and the visit to Tunis of Mr. Dunkell, the director general of this institution, as the meeting was opening—Mr. Dunkell even took part in the discussions—gave this meeting an international dimension, thus going beyond the simple framework of agricultural relations between the Union of the Arab Maghreb [UMA] and the EEC.

The fact is that, at a time when large economic groups are expanding throughout the world and when the hegemony of one or more countries over economic and agricultural exchanges in the first instance is becoming ever greater, it is the right time for small countries such as our own, where agriculture still occupies a major position, to be somewhat edified by current and future trends in this area, and indeed to try to make known and explain its approach in these matters even if it has no intention, because such would be unimaginable, to reverse the situation. What exactly is our approach? What message are Tunisian agricultural professionals trying to send out? What are the current hopes for Tunisian and Maghreb agricultural relations with the EEC? Mr. Mohamed Gamra, the vice president of the UTAP, answered these questions.

[Azak] The theme of the future of agricultural relations between countries in the UMA and those of the single European market is not a new one. Why did the UTAP choose to talk about it yet again by organizing this meeting?

[Gamra] We decided to deal with this theme again because this year, basically, we saw that in the case of olive oil there were certain difficulties selling it on the international market. While as professionals we thought it was our duty to

help our government, first by selling this oil on the European market, then getting ready for the 1996 deadline. Because a crucial year is at stake because starting from that date, all special provisions such as quotas granted to third countries will be abolished. So we thought it necessary to invite our EEC counterparts, knowing that these professionals have a major influence on the political apparatus of their Community, to exchange points of view and try to establish a joint action, something that will certainly not be easy.

[Azak] But didn't the participation of GATT's director general and the attendance by one representative of that institution at your meeting put the debate on another plane?

[Gamra] Yes indeed. At this meeting we wanted to raise the agricultural debate to a higher level. That was why we invited Mr. Dunkell, the director general of GATT and who is a guest of the Tunisian Government, to the meeting. For us it was an opportunity to state our willingness as professionals to be associated with the preparations underway within GATT in the agricultural sphere.

Indeed even if we are proud that Tunisian authorities took part in the negotiations, we are trying to give UTAP an international dimension, with the goal of making Tunisia profit from the benefits of an agreement as part of GATT and of avoiding as much as possible the negative effects of any transaction for the country. That is our government's concern, but our direct participation in the negotiations as a professional organization will make it possible for us to understand what is at stake and especially to prepare our agriculture for these new stakes. Currently UTAP is taking an intermediary's role between growers and the government and, as such, we would like to play the same role at the international level to make GATT understand the special nature of Tunisian agriculture.

[Azak] What would your conception be of future agricultural relations between the UMA and the EEC?

[Gamra] It should be noted that the dialogue on agriculture between the UMA and the EEC is something that is currently ongoing, given the fact that the issue of food self-sufficiency, which in Tunisia has almost been achieved in certain sectors, currently poses overproduction problems, which could only be solved through processing, the farm-produce industry, and exports. Now exports are currently at the center of large-scale dealings. And as Tunisians we share the view of Mr. Jacques Delors, the president of the European Commission, who believes that through dialogue it should be possible to set up an international division of labor in agriculture so as to rebalance agricultural exchanges, even partially.

[Azak] What would this international division of labor in agriculture be like?

[Gamra] It would in fact be a question of being complementary in time and space so as not to bring on problems.

Let's, for example, take the case of Tunisia. Two-thirds of our exports to the EEC are taking place at a time when Community countries are not producing. It is with this in

mind and with this perspective that agricultural exchanges between our countries and our European partners could be expanded.

[Azak] But even for that type of product there are marketing problems. We remember the poor reception given to Moroccan tomatoes this past winter. How are we going to get around such difficulties and in particular put into practice that international division of labor in agriculture that you were talking about just a moment ago?

[Gamra] Let's again take the Tunisian example. We're a small country so our future is not in big consumer products such as tomatoes.

The tomato is the subject of major speculation in the Mediterranean basin, where it is produced in large quantities. Whence the problems it has encountered.

Also, as a small country, we have to count on small speculations of low yield. That's the future and it was with that in mind, furthermore, that partnerships with the Europeans have been established because we have the advantage of our climate.

[Azak] What chances of success are there in this new approach to agricultural exchanges?

[Gamra] Our opportunities exist. Because first of all, according to the FAO's [UN Food and Agricultural Organization] studies, in a few decades the EEC will run out of farmland owing to the urban boom it is experiencing. And since we're dealing with generations, our agriculture will be able to respond to a share of European demand. So in this area there is a future. To tell the truth, and as Tunisians, we are neither pessimists nor optimists. Rather we are realists with regard to this future.

It's within our reach provided, of course, that international competition obeys clear rules and is clearly implemented.

First Quarter Economic Indicators Reported

93AF0664A Tunis CONJONCTURE in French
Jun 93 pp 26-29

[Article by T.H.: "The First Quarter of 1993"; first four paragraphs are CONJONCTURE introduction]

[Text] The economic environment is gradually settling. In the United States, growth appears to be back on its pace. Worldwide inflation was holding steady at 3 percent as of February. In Japan, there is slow improvement. In Europe, activity has declined although a recovery is under way on the other side of the Channel. In fact, the United Kingdom has been looking better in recent months, as rising consumption has allowed for promising increase in industrial output.

Elsewhere in Europe, industrial output has fallen significantly, and more often plummeted. The rate of decline in one year has been 10 percent in West Germany, 7 percent in Spain, 2.3 percent in France, and 5 percent in Italy. The main reason for the decline is a sudden, simultaneous contraction in factory orders starting in the summer of 1992.

In France, falling exports and the consequent impact on consumption have resulted in lower output and a wait-and-see reaction from investors.

Unemployment remains at intolerable levels and prospects for the future are grim.

In France, West Germany, and Italy, the horizon is unlikely to brighten between now and the third quarter of 1993.

Despite all of this, a consensus is forming: Lower interest rates in Germany and expansion in the United States should drive a world-wide recovery.

The National Scene

The data available for the first four months of 1993 show that Tunisia's economic situation continues to be marked by slackening production in certain sectors and by a drop in investments, primarily due to sluggish foreign trade.

However, better climatic conditions appear to have cushioned the decline in production and contained inflation, which has remained steady since the start of the year.

However, the data confirm that production is slowing. They reveal:

- a decline in the production of petroleum (-11 percent) and phosphates (-14 percent);
- a slight increase in high- and medium-voltage electricity consumption (+3.6 percent as compared with +8.7 percent one year earlier);
- a drop in imports of raw materials and semifinished products that fell from 561 MD [million dinars] to 556 million in 1993 (excepting equipment purchases for the natural gas pipeline); and
- sluggish investment in the manufacturing industries.

By contrast, an appreciable improvement in production was posted in iron and steel products and in binding materials.

Recovery has been slow in coming to the tourism sector, which posted a 6-percent increase in revenues, while the number of visits by nonresidents remained somewhat stagnant largely as a result of fewer visits by North Africans (-15 percent).

In investments, the available data tend to confirm a slackening. During the first quarter of 1993, development banks were less apt to come to the aid of the industrial

sector + IAA [expansion not given] (disbursements declined by 13 percent, commitments by 54 percent, and approvals by 28 percent). FOPRODI [Industrial Promotion and Decentralization Fund] awarded only MD0.06 in financing as compared with MD0.4 the previous year.

This slackening of investment and its immediate repercussions on production and employment bodes ill for future investment intentions. The marked decline in industrial investment intentions (-16 percent overall) has occurred mostly in industries that do not export all of their output (-29 percent).

Investment in the services sector is firming up. Intentions to invest in services totaled MD39 during the first four months of 1993 (as compared with MD23 as of the end of April 1992), and MD7 are earmarked for exports.

In foreign trade, the first quarter reveals an improvement in relation to the situation as of the end of March 1993 [as published].

At the same time, we are witnessing a slackening in the growth rates of exports and imports. (Exports are growing by 6 percent compared with 8 percent; imports by 9 percent as compared with 24 percent.)

This slower growth is primarily explained by the decline reported in the energy category in which the ratio of exports to imports fell by 28 percent in relation to the previous year. (Exports: 8 percent as compared with -1 percent. Imports: 27 percent as compared with 0 percent.) [as published]

In addition, shrinking imports of raw materials combined with stagnant purchases of consumer goods and a weak level of capital equipment to cause a drop in overall imports. They are also indicative of slower economic activity in Tunisia. However, as result of a simultaneous decline in exports, the export-to-import ratio has remained nearly steady at about 60 percent.

Prices have remained stable thanks to a considerable drop in the food price index in April.

The drop in food prices can be attributed primarily to a seasonal abundance of certain products. Lower prices were reported for meat (-1 percent), vegetables (-1.4 percent), fruit (-0.4 percent), fowl (-15 percent), and eggs (-20 percent).

Lower prices kept inflation down at 4.4 percent, as compared with 6.2 percent at the end of April 1992.

Economic Indicators as of 30 April 1993

Indicator	Unit of Measure	Results as of April			Percent Change	
		1991	1992	1993	1991-92	1992-93
1. Industrial Output						
Petroleum	kt ¹	1,663	1,787	1,588	7	-11
Electricity (Tunisian Electric and Gas Company)	GWh ²	1,606	1,752	1,852	9	6
Elec. consumption	(March)	1,081	1,205	1,246	11	3
Phosphates	kt	2,076	2,182	1,877	5	-14
P2O5	kt	264	244	269	-8	10
TSP ³	kt	273	259	209	-5	-20
Cement	kt	1,131	1,030	1,142	-9	11
Cast iron	kt	51	46	52	-9	14
Rolled metal products	kt	61	66	68	8	4
Drawn metal products	kt	7	8	8	9	0
2. Investments						
Planned industrial investment	MD	232	279	235	20	-16
Imported capital equipment	MD	354	469	533	33	14
3. Foreign Trade						
Exports (FOB ⁴)	MD	1,035	1,114	1,203	8	8
Imports (CAF ⁵)	MD	1,486	1,837	1,984	24	8
Balance	MD	-451	-723	-782	60	8
Ex/Im Ratio	in %	70	61	61	-13	0
Tourism revenues	MD	100	189	199	88	6
Net foreign exchange assets	MD	308	457	561	48	23
(days of importation)	days	30	31	36		
4. Cost of Living		(base: 1983 = 100)				
CPI ⁶		7.7	6.2	4.4	-19	-29
Food		8.7	4.9	2.5	-44	-49
Lodging		4.0	6.0	5.5	22	-8
Living expenses, services	%	6.2	6.2	6.1	0	-2
Transportation		9.8	10.3	7.6	5	-26
Clothing		8.9	8.1	7.1	-9	12
Leisure, cultural expenses		6.9	6.1	4.1	-12	-33
5. Tourism						
Tourism revenues	MD	100	189	199	88	6
Nonresident visits	Thousands	632	950	956	50	1
Europeans		119	433	497	263	15
North Africans		503	499	425	-1	-15
USA + Canada		1	4	6	189	61
Others		9	14	27	60	92
Overnight stays (31 March)	Thousands	1,021	2,967	3,229	191	9
6. Ordinary Revenues						
Tax revenues	MD	717	901	946	26	5
Direct taxes		139	187	213	35	14
Indirect taxes		545	676	696	24	3
Fees		34	38	37	12	-1

Economic Indicators as of 30 April 1993 (Continued)

Indicator	Unit of Measure	Results as of April			Percent Change	
		1991	1992	1993	1991-92	1992-93
Nontax revenues		200	217	205	8	-5
Total		917	1,118	1,151	22	3
7. Exchange Rates in dinars		1991 Average				
1 U.S. dollar	0.880	0.873	0.907	0.981	4	8
10 French francs	1.663	1.633	1.642	1.782	1	9
10 Deutsche marks	5.538	5.548	5.579	6.039	1	8
1,000 Lire	0.716	0.743	0.742	0.637	0	-14
1. kilotons						
2. gigawatt-hour						
3. triple superphosphate						
4. free on board						
5. cost and freight						
6. Consumer Price Index						

Significance of Tourism Sector Highlighted

93AF0663A Tunis REALITES in French
24 Jun 93 p 24

[Article by Mohamed Bergaoui: "The Importance of Tourism in the Nation's Economy"]

[Text] Every year, tourism gains in importance in a remarkable expansion that has placed it among the leading sectors of the Tunisian economy. The tourism sector—the renegade of the collectivization campaign in the 1960's—has outperformed itself from year to year, despite being told almost yearly that it "could do better." While alternating with other sectors as Tunisia's main source of foreign exchange, tourism also plays a lead role in covering the trade deficit.

Tourism Versus Petroleum and Petroleum Products

For a better understanding of the sector's significance, we compared revenues from tourism over the past 15 years with revenues from two equally important sectors: petroleum and petroleum products, and textiles. The comparison reveals that the petroleum category brought in more revenue than tourism during that period. To take 1984 as an example, revenues from tourism were valued at 358 million dinars[D] as compared with D592 million from petroleum.

The supremacy of the petroleum sector remained intact until 1986 when revenues dropped to D340 million. Starting in 1986, tourism became Tunisia's primary source of income, as yearly growth widened the gap between the two sectors and their ability to earn foreign exchange. In 1988, for instance, tourism revenues totaled 1 billion dollars while petroleum and petroleum products fell to D331 million. The petroleum sector has revived since then, but it has never been able to catch up with tourism.

Tourism Versus Textiles

Textiles, the second sector in competition (if we may call it that), was a minor exporter during the 1970's, but began to grow as of 1986. In fact, exports of textile products in 1986 totaled D388 million in value as compared with only 283 million the previous year. Between these two dates, the tourism sector fell from D415 to D359 million.

In 1986, textiles and tourism began to compete neck and neck, while the petroleum sector was forced out of the race by declining production and the lack of new oil-field discoveries.

But textiles did not hold first place for long. One year later—in 1987 to be exact—the situation returned to normal, so to speak, and tourism regained first place with revenues of D550.2 million, surpassing the textile sector's D496.2 million. By 1990, however, textiles had regained the upper hand. (See table below.)

Comparative Foreign Exchange Earnings of Tourism, Petroleum, and Textiles
(in millions of dinars)

Sector	1978	1979	1980	1984	1986	1987	1988	1989	1990	1991
Tourism	166.7	219.2	259.7	357.7	358.8	550.2	1,086	880.7	827.8	630.3
Petroleum	180.2	353	474.8	591.7	339.5	418.3	330.7	555.5	531.6	448.8
Textiles	83.8	118.1	141.1	223.4	388.4	496.2	614.3	816.0	1,091	1,212
Total exports	769	1,139	1,425	2,120	2,115	2,725	3,410	4,067	4,700	4,769
Percent tourism	21.6	19.2	18.2	16.9	18.2	20.2	31.8	21.6	17.6	13.2

Tourism and the Trade Balance

It goes without saying that the profile of Tunisia's trade balance differs little from that of a developing country, with a chronic trade deficit over the past five years in excess of D1 billion. The deficit is compensated by the tourism sector combined with exports from the other sectors of the economy.

Revenues from tourism alone have offset a substantial portion of the deficit that has ranged, over the past 15 years, from 34.3 percent in 1984 to 97.7 percent in 1988 when tourism brought in 1,086 million dollars against a trade deficit of 1,111 million. Unfortunately, that outstanding performance by the tourism sector has not been sustained despite a remarkable increase in hotel capacity. Meanwhile, the trade deficit continues to grow and revenues from tourism are lagging farther and farther behind in their ability to offset the deficit.

WESTERN SAHARA

Agreement To Slow Peace Plan 'Signed'

93AF0699A Algiers LIBERTE in French 5 Jun 93 p 15

[Article signed "R.E.": "The Polisario (Popular Front for the Liberation of Saguia el Hamra and Rio de Oro) Reveals the Existence of a Spanish-Moroccan Pact Opposed to the Western Sahara Peace Plan: 1974 Census Questioned"—first paragraph is LIBERTE introduction]

[Text] *A plan aimed at delaying the UN peace plan for the Western Sahara has just been revealed by the Polisario [Popular Front for the Liberation of Saguia el Hamra and Rio de Oro].*

As if the UN's complicity with Morocco were not enough to delay the setting up of a self-determination referendum in the Western Sahara, now Spain has gotten into the act.

By questioning the census done in 1974, according to which the Saharan population was estimated to be 74,000, Madrid has admitted the existence of a 30 percent margin of error.

This pullback of the Spanish position with regard to the Saharan problem was made worse after a revelation by the Popular Front for the Liberation of Saguia el Hamra and Rio de Oro, according to which Morocco received from the Spanish Government a commitment that the issue of the Western Sahara would not appear on the Security Council's agenda this June.

The agreement was said to have been reached, according to the Polisario, at the time of Abdelatif Filali's, the Moroccan minister of foreign affairs, quick trip to Madrid. According to SDAR [Saharan Democratic Arab Republic—West Sahara] representatives, the pact signed by Madrid and Rabat benefits Morocco to the extent that it allows a delay in the peace process and benefits Spain in that it makes it possible for that country to avoid complicating its relations with the two parties to the conflict.

The Polisario has also criticized the tour to the Maghreb of the secretary general of the United Nations, Butrus-Ghali.

So the Front is concerned over the fact that the UN representative did not include Mauritania in his itinerary, which, however, is an observer in the peace plan, and did travel to Tunisia, which is not taking part in the negotiations on the Saharan problem. The Polisario added that Morocco, Spain, and France, which are supporting the plot in the Security Council, know that if the peace plan fails, there will be no alternative other than a military attack, which will be irreversible.

MINURSO Spokesman on Cease-Fire Violations

93AF0699B Algiers EL WATAN in French

9 Jun 93 pp 1, 11

[Interview with Colonel Mlional Darotov, head of the UN Mission for the Referendum in the Western Sahara (MINURSO), by Amel Boumediene; Tindouf; date not given: "There Have Been Several Cease-Fire Violations"—first paragraph is EL WATAN introduction]

[Text] For the first time since the start of the cease-fire in the Western Sahara (6 September 1991), an official of the MINURSO (UN Mission for the Referendum in the Western Sahara) charged with implementing the peace plan has spoken to the Algerian press. Russian Colonel Mlional Darotov, who has been on duty in Tindouf for nine months, talked to us about the cease-fire violations and the relations he maintained with Morocco, the Polisario [Popular Front for the Liberation of Saguia el Hamra and Rio de Oro], and Algeria. He attempted to bring us up-to-date on the prevailing situation in the occupied territories.

[Boumediene] Is the number of MINURSO observation bases equally spread out over the liberated territories and the occupied areas?

[Darotov] First I would like you to know that I do not want to hear talk of liberated or occupied territories, as you put it; this is a vocabulary that we do not use.

For us, what is involved is quite simply the Western Sahara, where 250 people who have come from every country in the world, Canada, Egypt, Argentina, and others, are spread out across the entire territory to observe and uphold the cease-fire. At the moment, with regard to the bases, there are 10 of them. Knowing whether they are equally spread around is not important.

[Boumediene] Pardon me for insisting, but the distribution of these bases is important if it makes it possible to know if the Minurso is really as neutral as it should be.

[Darotov] All right. There are six observation bases on the Polisario side and four others on the Moroccan side (the occupied territories), but at the risk of repeating myself, these observers have only one mission, to see to it that the cease-fire is observed.

[Boumediene] But why this difference in the distribution of these bases on the two sides?

(No answer)

[Boumediene] You say that for you liberated or occupied territories are not involved. Now as you know full well, Morocco has separated these areas with a wall, which shows that there are territories that she controls.

[Daratov] We are military men, not politicians, that is why we prefer to talk of the Western Sahara. However elements from the MINURSO are free to go from one side or the other and every three months those who are on the Moroccan side go to work in Tindouf and vice versa.

[Boumediene] You have recorded a major number of cease-fire violations since the 6 September 1991 truce. Could you talk to us about these?

[Daratov] There have indeed been a certain number of cease-fire violations, which the MINURSO began to record starting in the fall of 1992. It was Morocco that started, by overflying the territories 85 times in a row at a time when that was strictly forbidden. Next the Polisario moved its armed groups (10 times) without obtaining prior authorization. As required, we immediately informed the El Ayoun base (in the occupied territories), which then forwarded this information to New York.

[Boumediene] Did your relations with Morocco and the Polisario change after that?

[Daratov] No, not really. Besides, these aren't serious violations, and we happy about that.

[Boumediene] During the demonstrations, which took place this year in Smara, some Saharans attacked a MINURSO car with rocks. What was your reaction and why in your opinion did they behave that way?

[Daratov] These are really not things you do. Why would you attack a MINURSO car? But in Somalia as well, [soldiers wearing] blue UN helmets have been attacked and even killed.

[Boumediene] What might justify this anger on the part of the Saharans towards the MINURSO?

[Daratov] I don't know, maybe it's not the MINURSO itself that's the target but just the people inside the car.

In El-Ayoun a French colonel handed over to the Moroccans nine Saharans who were trying to seek refuge at MINURSO headquarters in order to flee the repression.

The colonel in question did what he had to do. We are not a charitable organization; we are only supposed to "observe."

Furthermore it is absolutely forbidden for anyone to get onto the MINURSO's bases except with permission. Having said that, I don't think he turned them over to Morocco, he just threw them out of the headquarters.

[Boumediene] You have traveled on many occasions to the occupied territories. Would you bring us up-to-date on the situation there?

[Daratov] I'm a military man, I can't answer questions relating to policy. I only know that life is hard on account of the climate.

[Boumediene] What do you think of the situation of the Saharans who live here in Tindouf?

[Daratov] It too is very difficult; the women live alone because their husbands are all away fighting.

In addition, they can't move to Algeria on account of the pass, which the Algerian authorities do not easily provide.

BANGLADESH

Paper Discusses Poor Investment Climate*BK2906141593 Dhaka DAINIK ITTEFAQ in Bengali
23 Jun 93 p 2*

[Editorial: "Production Leads to Prosperity"]

[Text] Production leads to prosperity—this was said by Prime Minister Khaleda Zia when she inaugurated the second export processing zone in the country at Savar, near Dhaka on June 20. Needless to say, the prerequisites for production are capital and technology. But in our country there is a dearth of both. For this reason we need foreign capital and technology. With this end in view, the government has adopted a liberal policy. The prime minister has stated that peace and stability must be ensured in the country for attracting foreign investors. It is known to all that peace and stability are preconditions for development. Despite this fact, a favorable investment climate does not exist in our country. For this reason the prime minister has called for maintaining a congenial atmosphere in the mills and factories. It is the responsibility not only of the government but also of every patriotic citizen to ensure that a favorable investment climate is maintained.

Observers feel that a healthy environment cannot be restored in the country by merely making such appeals in meetings and rallies. Effective measures are needed to achieve this goal. It is true that the government has adopted a liberal economic policy, but like the past the banking sector and other financial institutions are still under strict bureaucratic control. Addressing a press conference in Bangladesh last February, the visiting executive vice president of the International Finance Corporation, Sir William Rylie, said that investments are not taking place in Bangladesh due to bureaucratic obstacles. It may be mentioned that three U.S. companies left Bangladesh early this year as they failed to get government clearance even after pursuing it for six long years. It must be mentioned that if the government wants to attract foreign investors it must ensure discipline in the financial sector and reduce bureaucratic control.

It is also known to all that the law and order situation in the country is not very conducive to attracting foreign investors. On many occasions people are not allowed to hold meetings and rallies without any reason, or such meetings are dispersed by resorting to baton charges. This discourages foreign investors as they get the impression that people are not allowed to exercise their fundamental rights. Besides, the investment climate is also marred by frequent calls for observance of strikes and road blockades. Such an environment is not encouraging either for local or foreign investors. Perhaps for this reason several big companies of Bangladesh have gone to Pakistan and Vietnam and invested there. These companies include the Apex Tanneries and Beximco.

Due to the lack of a favorable atmosphere, the total foreign investment in Bangladesh between 1985 to 1990 was only about \$1 crore. Whereas during this period, the annual

foreign investment in war-torn Sri Lanka was between \$2.5 to \$6 crore, and in Pakistan it was between \$10 to \$17 crore. An estimate shows that the production cost in Bangladesh increases by 25 percent due to frequent strikes and it increases by another 50 percent due to frequent load shedding. It is imperative that all these factors which impede the process of industrialization should be done away with.

In the year 1965, the per capita income and export earnings of Bangladesh was equivalent to that of South Korea. During the past 28 years South Korea has developed tremendously. Besides, the condition of Taiwan, Hong Kong, Thailand, and Singapore was no better than us three decades ago. It is astonishing to see how much progress has been achieved by these countries. None of these countries were more technologically advanced than Bangladesh. But foreign investors have been attracted to these countries due to the dedication, honesty, and hard work of their people. It is unfortunate that prospective investors who want to come to our country are going elsewhere. Some of the causes behind this are the unfavorable political situation, labor unrest, corruption of the labor leaders, terrorism, the law and order situation, and excessive bureaucratic control. The political parties of our country are more interested in squabbling over outdated issues. They do not seem to be very interested in the economic development of the country. Unless this trend is reversed, it will be difficult for us to survive in the next century.

IRAN

Alleged Warning Given By Golpaygani to Khamene'i*93LA0054A London AL-HAYAH in Arabic
1 May 93 p 4*

[Article by Safa Ha'iri]

[Text] Paris—Well-informed sources inside and outside Iran maintain that Ayatollah Ali Khamene'i, the leader of the Iranian revolution, received a warning from Grand Ayatollah Mohammad Reza Golpaygani, threatening to "divest him" of his religious title if he does not "immediately" stop interfering in the Shiite theological seminaries (schools).

This action by Golpaygani (who is 92 years old) is considered unusual. It comes following the authorities' continued harassment of Ayatollah Hoseyn 'Ali Montazeri—the former successor to the late Iranian leader, Ayatollah Khomeyni—in Tehran and Qom on Khamene'i's orders.

Dr. Mahdi Ruhani, an Iranian religious cleric who has broken with the regime and is now residing in Germany, said that Montazeri warned Khamene'i in a letter against the government's intervention in theological seminaries' affairs. He said that he believes that this intervention is bound to deny these religious, educational institutions of their academic freedom. Ruhani said that the court pertaining to clerics, which is headed by Hojjat ol-Eslam [religious title below ayatollah] Hoseyniyan, is in the

process of ordering Montazeri's arrest prior to trying him. According to a statement attributed to Hoseyniyan, six persons were arrested at Montazeri's headquarters for carrying out acts hostile to the state and for belonging to Mohdi Hashemi's group.

Hashemi, who was Montazeri's son-in-law, was in charge of financial and military affairs in support of international Islamic liberation movements. Hashemi was arrested and executed in 1986 after being charged with planning to assassinate Khomeyni.

The sources state that Golpaygani, who is believed to be extremely ill, informed Khamene'i in the said letter of his displeasure with the harassment of Montazeri. Golpaygani threatened to devest Khamene'i of his title and rank as leader of the Iranian Islamic revolution if he did not respect religious clerics higher than he in status.

In Bonn (AP), the German police said that Iranian oppositionists threw eggs at the chairman of the foreign affairs committee in the Iranian parliament, Hasan Ruhani, and at an Iranian delegation accompanying him. The police added that four members of the Iranian opposition group pelted Ruhani with eggs and water glasses while he was eating dinner at a hotel in Bonn.

Three of the attackers were arrested, and the fourth was transported to a hospital for treatment of injuries he received after being struck by one of the Iranian official's bodyguards.

Medical Exports to Central Asian Republics Questioned

Plans To Export Medical Supplies Announced

93LA0064A Tehran JAHAN-E ESLAM in Persian
8 May 93 p 2

[Text] Seyyed Mojtaba Arastu had a conversation with the new director general of the UN Industrial Development Organization [UNIDO] regarding the joint project between Iran, WHO, and UNIDO in the area of the marketing and sale of health and pharmaceutical products manufactured in Iran and exported to the Central Asia republics.

Seyyed Mojtaba Arastu, ambassador and permanent representative of the Islamic Republic of Iran at the United Nations and international organizations in Vienna, during his visit with Mauricio de Maria y Campos, the new director general of UNIDO, reached an agreement for dispatching a delegation from UNIDO and WHO to the Islamic Republic of Iran.

In his interview with IRNA in Vienna, Arastu stated: The forthcoming trip of the delegation is intended to finalize the joint project between our country, WHO, and UNIDO.

Arastu went on to say: The new director general of UNIDO, while expressing his appreciation to the Islamic Republic of Iran for its support of the said organization that is currently undergoing serious financial difficulties, also expressed his agreement to send a delegation to Tehran in order to find more avenues for cooperation.

Arastu further said: With regard to the issue of the withdrawal of Canada from UNIDO and its effects on the quota of financial support of other member states and the fate of said organization, the new director general was asked about the responsibility of other nations, particularly the industrial countries versus UNIDO, to adopt a mechanism whereby it would discourage the withdrawal of the member states from this organization.

Furthermore, it should be noted: Canada will discontinue its membership in UNIDO as of next year. Canada's quota of its financial support of the capital fund of \$197 million is 3.09 percent or about \$6.5 million.

The share of the United States of America stands at 25 percent while that of France is 5.4 percent together with many other Western industrial nations and some of the Third World countries, which have not paid their due shares to the organization, thus incurring severe financial hardship on UNIDO.

The debt of member countries to UNIDO as of the end of February 1993 was about \$80 million.

Paper Questions Soundness of Decision

93LA0064B Tehran JAHAN-E ESLAM in Persian
8 May 93 p 2

[Text] In today's news reports it was mentioned that Iran, with the cooperation of the UN Industrial Development Organization [UNIDO] and WHO, is planning to sell its health and pharmaceutical products to the Central Asia republics.

It should be noted that this effort on the part of our executive officials is taking place under circumstances when our own people throughout the country are facing a severe shortage of health and pharmaceutical products.

Furthermore, every day we hear news reports from around the country, particularly the remote and deprived areas of the nation, that our people are suffering from the dearth and exorbitant prices of essential medical necessities.

On the other hand, Dr. Malekzadeh, minister of health, treatment and medical education, in an interview with a morning newspaper while mentioning the fact that the pharmaceutical industry of the country is fully dependent on foreign exchange, also states: Although some of the pharmaceutical products are produced in the country, the raw materials for these products together with many other medicines are imported as readymade items.

Moreover, Dr. Malekzadeh announced that the only way to resolve the shortage of medicine is to extend subsidies to needy individuals and decrease the price of the products accordingly.

Now, with due regard to the statements of a top-executive official of the country concerning medicine and treatment, we would like to leave the judgment to the people and ask whether it is advisable, under such circumstances, to export our health and pharmaceutical products!

Central Bank Governor on World Bank Loans

93LA0054B London AL-HAYAH in Arabic

4 May 93 p 11

[Article by Betsy Lawn al-Ma'luf]

[Text] Washington—Mohammad Hoseyn 'Adeli, the governor of the Central Bank of Iran, told AL-HAYAH that he does not expect the World Bank's lending policy regarding Iran to be disrupted by the United States' determination to block World Bank loans to Tehran.

'Adeli said that Iran's economic program is successful. He said, "To our knowledge, the World Bank does not take politics into account in its economic decisions. Its decisions are always based on economic merit, and I believe that this policy will continue."

'Adeli, who is in Washington to attend the spring meeting of the World Bank and IMF, said, "Instead of denying Iran loans, these two Bretton Woods institutions should take into account that Iran has implemented economic reforms without relying on foreign financing from international agencies."

He added, "The IMF and World Bank do not provide us with credit arrangements or balance of payments financing to support the reforms which we are implementing, whereas they are providing billions of dollars to stimulate reforms in the developing and formerly socialist countries, which also receive multiple aid from the United States and other countries."

'Adeli pointed to U.S. efforts in March to block the World Bank's attempts to extend three new loans to Iran, saying that United States was alone in opposing these loans, which bring to six the number of loans provided by the World Bank to Iran since March 1990, after a long interruption in the Bank's lending policy [toward Iran].

The United States failed to convince its allies to stand with it in adopting this position. However, World Bank President Louis Preston said, in a recent interview, that these attempts (by the United States) might find an attentive audience if it becomes difficult for Iran to repay its foreign debts.

'Adeli told AL-HAYAH that the problem of Iran's inability to cover credits valued at \$2.5 billion began in September and continued for six months, but were resolved through negotiations with Iran's six major partners in Europe and Asia.

'Adeli dealt with the achievements of the economic reform program in Iran. He said that a "revolution" had been achieved in recent months in the economy of Iran, which is now in the fourth year of its five-year plan to implement economic reforms and structural adjustments in its trade policy and monetary and finance policy.

'Adeli said, "Indications of the broad economic lines show that the five-year plan is proceeding as well as one could possibly wish." He added, "Iran has been able to achieve 8.6 percent GNP growth in the past four years, surpassing its growth target of 8 percent." Its capital formation is 19

percent of the GNP (the target was 16 percent), the budget deficit has retreated to zero, and inflation has dropped to 10 percent.

In late March, 'Adeli said, Iran reached the last phase in its implementation of reforms in the currency exchange market with its "bold step" of unifying the exchange rate and freeing the capital account. The Iranian Government also eliminated the foreign exchange balance, and liberalized the foreign currency allocation rule to enable citizens to purchase foreign currency without restrictions.

'Adeli said that these measures were implemented after a zero budget deficit was achieved. He expects the reforms to provide an incentive for private investments on the part of Iranians and foreigners. He also expects that the high return on the riyal and the freeing of the capital account will attract foreign investments. He said that 25 percent of the capital taken out of Iran (valued at about \$20 billion) has been returned to Iran, and he expects the return of more due to the implementation of the said measures.

He expressed his "total opposition" to the implementation of the energy tax which the European group and the United States are examining. He said, "It is a means of transferring resources from the oil-producing countries to the developing countries, at a time when the oil producers need greater financial resources to spend on economic adjustments and the strengthening of output capabilities." He said that the effect of the energy tax on Iran would be moderated somewhat by Iran's focus on strengthening its non-oil sectors.

'Adeli criticized the West's plans to provide major aid to the countries of the former Soviet Union. He said, "We favor providing any type of aid to the former socialist countries to support structural adjustments in their economies, because it is in the interest of the world economy to do so. However, as a developing country, we are worried that this aid will affect the flow of financial resources to the developing countries."

'Adeli said that energy taxes and a rise in Russia's oil and gas output have helped in the recovery of this Russian sector. He said this will affect oil revenues in the medium term, but added, "I believe that oil supplies will remain limited in the long term, because no alternative has been discovered to the cheapest source of energy in the world."

'Adeli criticized the American administration's efforts to reduce the dollar's value against major currencies, because oil is priced in the dollar. He said that this will diminish the only source of income in the oil-producing countries.

He added, "If a state with an income of \$25 billion spends it in the German mark or Japanese yen, we can appreciate the effect of exchange rate fluctuations on the oil-producing countries." He said that the decline in the dollar's value against the yen in the past two years has been an important cause of Iran's medium-term indebtedness problem, which arose last fall.

'Adeli agreed in general with an assessment of Iran's economic performance presented by IMF economists. Some economists told AL-HAYAH that the economic

reforms have been reflected to a large degree in a strong growth rate, especially in 1990. They estimated that Iran achieved an 8-percent GNP growth rate in 1991. However, they differ with 'Adeli regarding the growth rate forecast for 1992 and 1993, which they expect to be 6.5 percent.

Official on Lack of Foreign Investments

93LA0095A Tehran ABRAR in Persian 13 May 93 p 4

[Text] Economic Service. So far the Iran Investment and Economic and Technical Aid Organization has not even once requested foreign investment in Iran.

Dr. Mohammad Mehdi Navab, deputy minister of economic and financial affairs for international affairs and chief of the Iran Investment and Economic and Technical Aid Organization, held a press conference yesterday in which he stated the above. He said: The Mercedes-Benz Company alone has increased its investments by \$14 million, and issues pertaining to 117 foreign investors who have been in Iran since before the revolution are being investigated by this organization.

Dr. Navab added: This organization does not invest with anyone as a company. One of our responsibilities is to accept foreign investment.

He added: Of necessity, the Iran Investment and Economic and Technical Aid Organization does not accept every request to invest, but it chooses from among the requests it receives.

Dr. Navab also said: Those foreign investors who are accepted will be covered, but being covered will not mean being guaranteed.

He also added: Those who invest in Iran must coordinate with the Central Bank to transfer their just profits outside the country, so that they will not face problems in this regard.

Dr. Navab added: If in accordance with the law it is necessary for us to confiscate the property of a foreign investor, just reparations will be paid. Of course if losses are caused to the foreign investor by accident, Iran will have no responsibility.

The chief of the Iran Investment and Economic and Technical Aid Organization added: The Foreign Investments Company, whose formation was recently approved in the Majles, is responsible for protecting the investments of the government of Iran outside the country.

He also said: Iran now has enormous investments all over the world, most of which were made before the revolution, and the Foreign Investments Company will attend to these matters.

At the end of the meeting, Dr. Navab added: One of the major responsibilities of the Iran Investment and Economic and Technical Aid Organization is to get loans from foreign countries. Another of this organization's responsibilities is that if the government wants to grant a loan to any country, it will do so through this organization.

Forty-Two Billion Rials Allocated to Development of Rural Industries

93LA0083D Tehran KEYHAN-E HAVA'I in Persian 26 May 93 p 10

[Text] Tehran. IRNA. 27 Ordibehesht [17 May]. In order to develop the rural industries of the country, this year the Construction Jihad has allocated 42.4 billion rials in developmental funds and 230 billion rials in banking funds.

According to a report by the Public Relations Office of the Ministry of Construction Jihad, this year, by allocating 5 percent of the national and provincial developmental fund and those in other notes, and also with the use of 230 billion rials of banking funds resulting from Notes 3 and 4 of the budget, along with 1,500 agreements in principle, 600 operating permits will be issued. Also, the second phases of the operations to build 34 industrial areas in rural regions will be completed.

In this report, priority in agreements in principle include production industries, product conversion, the protecting and preserving of agricultural products, the production and repair of agricultural tools, animal husbandry and fishing, wood and cellulose industries, mining and non-metal industries, clothing and leather, and other rural job-generating industries.

It should be pointed out that among the major goals of creating rural industries is the creation of jobs, increasing the income of villagers, and preventing their migration to the cities.

Official on Milk Price Increase; Subsidies Continue

93LA0095C Tehran ABRAR in Persian 4 May 93 p 4

[Text] Tehran—IRNA. The increase in the price of milk purchased from dairy farmers and the increases in the costs of packaging, parts, transportation, raw materials for glass and personnel matters have caused the price of a liter of milk in Tehran to go up to 80 rials [Rls], and to Rls50 in the municipalities.

Seyyed Mohammad Rohanipur, chief of the Consumer and Producer Support Organization, said in an interview with IRNA: In view of the increased cost of veterinary drugs and also their increased domestic production, the Iran Milk Industries Company has increased the purchase of milk from dairy farmers from Rls260 to Rls340.

According to Rohanipur, the Iran Milk Company pays Rls30 to transport a kilogram of produced milk from various provinces to Tehran, while the increase in subsidy credits will mean that the production of pasteurized milk will increase 30 percent this year.

He explained: Despite the increase in the price of milk this year, the government must pay Rls40 billion in subsidies this year for the purchase of 650,000 tons of milk in Tehran and the municipalities, which is 25 percent more than last year.

The chief of the Consumer and Producer Support Organization noted: In view of the low purchasing power of

consumers and also the fact that in the municipalities the price of a liter of milk is Rls150, and in Tehran the cost for transportation and other costs has been set at Rls200.

He also said: The profit for milk distributors throughout the country has increased in proportion to the new price of milk, and owners of guild units are required to implement the designated prices.

Elsewhere in this interview he discussed the production of cheese in domestic factories. He said: To encourage domestic factories to increase production at the desired quality, a suitable guaranteed purchase price will subsequently be announced by the Economic Council, and the losses arising from the purchase price of domestically produced cheese from the guaranteed price to the sale price will be paid by this organization.

He emphasized: With the increase in the capacity of the cheese-making factories, it is expected that the amount of imports of this dairy product will decrease 30 percent.

Concerning the payment of subsidies for basic goods, Rohanipur said: In view of the increase in the guaranteed price for crops and livestock, and the change in the foreign exchange rate, Rls2,500 billion in subsidies will be paid this year for some goods. Last year this figure was Rls1,000 billion.

Increase in Cost of Fertilizer Hurting Agriculture

93LA0095D Tehran ABRAR in Persian 15 May 93 p 4

[Text] Chemical fertilizers are usually employed to compensate for the lack of nutrients in the earth and to increase the growth and yield of plants and vegetables. There are three types, including nitrogen, phosphor, and potassium. The nitrogen type, especially urea, is the most used in agriculture to make the soil give a high yield.

The primary ingredient for nitrous fertilizers is ammoniac, which is formed with two parts of hydrogen and nitrogen. In industry the needed hydrogen comes from the methane in natural gases as a relatively simple chemical by-product, and it comes into contact as a catalyst with the nitrogen in the air to produce ammoniac.

It will thus be noted that our country, with its great gas and oil resources, is in an excellent position to procure chemical fertilizers. Already the production of ammoniac at the Razi Chemical Complex has reached 1,000 tons per day, and the amount of urea chemical fertilizer has increased to 350 tons. In this same regard, the amount of the above products produced at the Marvdasht petrochemical factories at Shiraz is increasing significantly. In view of the fact that all the petrochemical installations and equipment were purchased and installed years ago by the government using foreign exchange earned from oil exports, the reason for increasing the price of chemical fertilizers is not clear, especially since the new prices will naturally cause a drop in consumption.

In view of the limited amount of arable land, this will cause a great loss to the nation's agriculture and economy. It must be added that the increases in the wages and

salaries of petrochemical workers, which make up a small percentage of the cost of production, cannot be used to explain this issue.

In accordance with studies that have been conducted, recently the Petrochemical Company transferred part of its responsibilities to a company called Petrochemical Industries Investments, which is nominally a public company, but according to the acceptance statement published in the newspapers as an advertisement, 80 percent of this company's shares will belong to the petrochemical workers and only 20 percent of the shares are to be sold, and it would thus be more appropriate to call this company a private company. Although it is not given in the aforementioned company's charter, as stated by the company's executive director and published in the publication of the National Petrochemical Industries Company, the company's most important responsibilities are as follows:

1. Contracting to procure foreign specialist manpower.
2. Purchasing a building in Abadan as a training center for petrochemical workers.
3. Establishing a company to maintain and procure machinery and to maintain the petrochemical industries.
4. Commercial activities such as buying petrochemical products and selling them in the country.

It must now be asked, is the Petrochemical Company willing to transfer these same privileges to another company? At the same time, if the intention is to help and encourage oil industry workers who deserve it, this can be done in another way that does not violate the nation's existing regulations, and efforts can be made to encourage the people more to invest, so that the relationship will not be established that increased fertilizer prices are related to the formation of the Investment Company.

We ask the Petrochemical Company to send a detailed list of the components of the final cost of producing a kilogram of chemical fertilizer to the Economic Service so that the matter can be better clarified.

Phase 2 of Valanjak Highway Construction Begins

93LA0095E Tehran ABRAR in Persian 11 May 93 p 2

[Text] Tehran—IRNA. Operations to build Phase 2 of the Valanjak Highway by the mayor of Tehran's Region1 have begun.

This highway will be about 1 km long and 45 meters wide and it will connect the 67 cooperatives in Tuchal and Valanjak to the square at Martyr Beheshti University.

The Valanjak phase of the highway, whose earth removal operations began on Sunday, will cover the segment between the entry gate at Martyr Beheshti University to University Square. Due to differences between the university and the mayor of the region, its construction was delayed two years.

The old Valanjak road, because of its many slopes and being the continuation of the Tuchal Road, which is a

heavily traveled route, was the cause of many accidents, and this made preparation of this highway as soon as possible a very sensitive matter.

Mohammad 'Ali Qasemi, mayor of Tehran's Region 1, gave an interview to IRNA yesterday, Monday. He said the reason the construction was delayed was the fact that the university had occupied part of the highway's route. He added: After an accident that took place on the former Valanjak road, university and municipal officials agreed that they should begin construction of this highway as soon as possible, so we will no longer see such unpleasant incidents.

The mayor of Region 1 explained that immediately after the earth removal, the asphalt laying, the grid marking, and the wall construction, the route will also begin. He predicted that this highway will be ready to use by the end of the current week.

Continuing, he discussed the fact that because it is located in front of Martyr Beheshti University, this highway will be heavily used. He said: Wide sidewalks and green space are other projects that are to be built around this highway.

Among the other programs that the mayor's office of this area is carrying out to develop green space, he mentioned the construction of 21 green space areas, of which 50 percent will be ready for use this year. He added: Likewise, in the near future sports and recreational complexes are to be built in this region.

Continuing, he said: With the construction of this highway, the Vahed Bus Company will also begin operating on this route, based on agreements that have been made.

Textile Plant To Be Constructed in Shahr-e Kord

93LA0083L Tehran KEYHAN-E HAVA'I in Persian
26 May 93 p 11

[Interview with Engineer Jamshid Mojahedi, the general manager of the Hejab Factory of Shahr-e Kord, by KEYHAN; place and date not given]

[Text] Shahr-e Kord. KEYHAN correspondent. 28 Ordibehesht [18 May]. Seventy percent of the implemental operations of the construction of the largest manteau and black chador textile production factory has been completed in Shahr-e Kord.

Engineer Jamshid Mojahedi, the general manager of this factory, which is named "Hejab," made this statement in an interview with KEYHAN correspondent and said: This factory will be built with investments by the Foundation for the Oppressed and Self-Sacrificers on 293,000 square meters of land. The construction of the building, with

40,000 square meters, started in 1370 [21 Mar 1991-20 Mar 1992], and so far 500 million tomans have been spent.

Engineer Mojahedi added: With the operation of this factory, 20 million meters of black chador, manteau, and clothing fabrics will be produced annually, and every year \$18 million will be saved in foreign currency.

The general manager of Hejab, referring to the secondary facilities and workshops of this factory, said: 100 textile and loom machines have been purchased from Germany and installed next to the factory. These machines are capable of producing 4 to 5 million meters of various heavy and medium manteau and denim fabrics.

According to him, these machines will be operational by the 10 Days of Dawn, and 200 people will be employed.

In another part of this interview, he referred to the problem of providing the needed foreign currency for purchasing the main machinery of the factory and said: Despite the emphasis of the president and various officials concerning providing \$16 million in requested foreign currency by this factory, no steps have been taken so far by the Central Bank in this regard. If this foreign currency is provided, the factory will be fully operational next year. It is noteworthy that with the operation of the first phase of the Hejab Factory of Shahr-e Kord, 500 expert, skilled and semiskilled workers in the province of Chahar Mahall and Bakhtiari will be employed, and according to the general manager of the factory, the products of the country will be distributed nationwide.

Exporters of Industrial Products Exempt From Tax

93LA0083G Tehran KEYHAN-E HAVA'I in Persian
2 Jun 93 p 10

[Text] Mashhad. KEYHAN Correspondent. 3 Khordad [24 May]. Based on new laws, exporters of industrial goods will pay no taxes.

Dr. Hadi Nezhad-Hoseynian, the minister of heavy industries, made this announcement and said: In order to develop the export of industrial goods, 65 percent of the funds that are paid by the banking system to the industries sector will go to exports.

The minister of heavy industries also announced: In order to increase the export of industrial goods, the plan for the establishment of a guaranteed export fund is being studied.

Nezhad-Hoseynian emphasized the necessity to support national industries by the government and announced: A part of the banking interest of the industrialists shall be paid from the funds in Note 52 of the national budget law as incentives.

He added: The bylaws concerning this law are being examined in the Economic Council, and the level and kinds of industrial fields will be announced subsequently.

Aluminum Exports Double Compared to Last Year*93LA0083J Tehran KEYHAN-E HAVA'I in Persian
9 Jun 93 p 11*

[Text] Tehran. IRNA. 12 Khordad [2 Jun]. The general manager of Pars Aluminum Factory said: Part of the products of this factory, at a value of \$1.5 million, were exported in the first two months of this year, which compared to a similar period last year shows a twofold increase.

Engineer Mahmud Hasani told IRNA correspondent: Also, last year 25 percent of the production of this factory at a value of \$4,700,000 was exported to the countries of the Persian Gulf region, Italy, Turkey, and Bangladesh.

Various kinds of aluminum sheets, coil, and foil, with 7.9 microns to 7.9 millimeters, are produced in the Pars Aluminum Factory. These products have construction, industrial, and domestic use.

According to the general manager of the Pars Aluminum Factory, with the use of new forces and timely preparation last year, the production of this factory reached more than 15,000 tons, which has been unprecedented in the 15-year history of this factory.

Stating that the issue of the creation of a single-rate foreign currency has had no effect on production in this factory, he expressed hope that exports this year by the factory will reach \$10 million.

He added: Considering that various purchases of this factory were done since early 1371 [21 Mar 1992-20 Mar 1993] at the floating foreign currency rate, nevertheless, all of its products compared to imported products are less expensive. He said: It is expected that the level of demand of domestic consumers will increase this year.

One-Third of Housing Built by Cooperatives*93LA0083K Tehran KEYHAN-E HAVA'I in Persian
9 Jun 93 p 11*

[Interview with Engineer Gholamreza Shafe'i, the minister of cooperatives, by reporters; place and date not given]

[Text] Tehran. KEYHAN-E HAVA'I News Service. 10 Khordad [31 May]. About one-third of the residential units built in Iran since the victory of the Islamic revolution belong to the housing cooperatives throughout the country.

Engineer Gholamreza Shafe'i, the minister of cooperatives, made this statement in an exclusive interview with reporters and said: So far, 6,267 consumer cooperatives and 4,142 housing cooperatives have been registered in the country.

He added: With the implementation of the census project of the cooperatives throughout the country, it was determined that since 1303 [21 Mar 1924-20 Mar 1925], 25,453 cooperatives have been established in the country, and 828 of them, for various reasons, have been dissolved.

Engineer Shafe'i pointed out that since the cooperatives became official, so far 1,229 agricultural cooperatives, 1,151 industrial cooperatives, 409 mining cooperatives,

208 service cooperatives, 105 handwoven carpet cooperatives, 908 guild cooperatives, 360 transportation cooperatives, and 267 credit cooperatives have been established in Tehran and provincial cities.

According to the minister of cooperatives, based on studies conducted, 30 million Iranians have been somehow connected with one of the existing cooperatives.

Zangeneh Tours Karun's Godar-e Landar Power Plant*93LA0065B Tehran JAHAN-E ESLAM in Persian
2 May 93 p 5*

[Text] Namdar-Zangeneh, minister of energy, on Friday paid a visit to Karun's Godar-e Landar power plant, which is under construction.

According to IRNA's correspondent, Zangeneh, while visiting the ongoing tunneling operations and construction of the intake and egress sluices, emphasized the necessity for expediting this specific project.

During this visit the executive deputy and superintendent of the dam and the power plant of Godar-e Landar gave the necessary explanations regarding the progress of work to the minister of energy.

The Godar-e Landar power plant, in its first phase of completion, will produce 1,000 MW of electricity and with further expansion will be able to produce up to 10,000 MW of electricity. The realization of the final stage will increase the production capacity of energy of the national power network.

The executor of this project is the Iran Water and Energy Resources Development Company, which is an affiliate of the Ministry of Energy. In a similar fashion, the minister of energy, during his visit of the dam and the power plant of martyr Abbas-pour on Friday, emphasized the necessity for expediting the repairs caused by recent floodings to the sluices of the said dam. These sluices were damaged during recent flooding.

Furthermore, at a meeting with specialists from Shiraz and Tehran, the minister of energy issued instructions for temporary repairs of the sluices of the martyr Abbas-pour until further substantial reconstruction takes effect.

The dam of martyr Abbas-pour is built on the Karun River in the region of Masjed-e Soleyman and is one of the largest dams of the Middle East. With a production capacity of 1,000 MW of electricity this dam provides one-seventh of the power requirements of the country and at the same time it plays an important role in the control of seasonal floodings.

Here it should be noted that the preliminary studies for the construction of another power plant with a capacity of 1,000 MW of electricity was completed. The new power plant is going to be built close to the martyr Abbas-pour's dam.

Eleven Communications Offices Opened in E. Azerbaijan

93LA0078J Tehran JAHAN-E ESLAM in Persian
11 May 93 p 5

[Text] At a ceremony attended by Engineer Gharazi, Minister of Post, Telegraph and Telephone, other responsible officials of East Azerbaijan and many people from various walks of life of the province, the 3,500-number communications office of Marand became operational.

Similarly, the communications offices of Khormalu, a dependent district of Heris; Anderab and Saghezchi, dependent district of Sarab; Lambar, Moradlu and Ahmad Biglu, dependent districts of Meshkin Shahr; and Dut Kendi, Majid-abad, Paragheshlagh, Khan Gheshlaghi and Ghare-Ghebagh, dependent districts of Pars-abad were opened and became operational as well.

Five Provinces Suffer Extensive Flood Damage

93LA0083M Tehran KEYHAN-E HAVA'I in Persian
19 May 93 p 3

[Text] Tehran. KEYHAN-E HAVA'I News Service. 20 Ordibehesht [10 May]. The severe and constant rain in five provinces of the country replaced the memory of pleasant spring rain and caused the destruction dozens of villages and residential units and the destruction of vast sections of agricultural farms.

According to KEYHAN newspaper, the constant rains in the province of Hamadan destroyed dozens of residential units in the villages of Tuysirkan, between 30 and 100 percent.

Also, the flooding of the Aras River in the Parsabad and Khoda Afarin region submerged a large section of the lands and orchards of the villages along the river, and 10 villages suffered great damages.

According to reports from Yasuj, the flood severed ground communications between 150 villages of Kohkiluyeh and Boyer Ahmad, and the inhabitants of these villages were short of fuel and public needs.

In the floods late last year, the province of Kohkiluyeh suffered more than 15 billion rials in damages.

Also, severe rain in the province of Khorasan resulted in floods in several cities of this province, and about 20,000 hectares of the farms and orchards of Kashmar, Esfarayen, Ferdows, Torbat-e Jam, Dargaz, Sabzevar, Torbat-e Heydariyyeh, Neyshapur, and Baraskan were destroyed.

In these regions also hundreds of heads of livestock were killed, and many of the residential units, qanats, and rural roads were damaged.

The KEYHAN correspondent in Bardaskan reported the amount of damage from flooding and hail in this city to be more than 5 billion rials.

Land Movement in Fereydunshahr

Constant rain in Fereydunshahr of Esfahan caused land movement in Poshtkuh and Pishkuh in the region.

Following the land movement in these villages the problem of the cutoff of rural roads between the villages also added to the problems of farmers.

In addition, reports from Azarbaijan indicate that the decrease in temperatures damaged 40 percent of the crops and 3,000 hectares of fruit orchards in Ardabil.

Also, the decrease in temperature has been a cause of concern for the Mazandaran farmers, has disrupted the work of preparing farmlands and planting rice, and has damaged the new rice growth.

Mazandaran orchard owners also are worried about the effects of the decrease in temperatures from 30 to 12 degrees on fruit blossoms.

Two Month-Long Floods Cause Extensive Damage

93LA0083H Tehran KEYHAN-E HAVA'I in Persian
2 Jun 93 p 4

[Text] Tehran. 2 Khordad [23 May]. The flooding in four provinces of our country in the past two months has caused more than 50 billion rials in damages. But this figure, due to effective flood preventative measures, shows a 80-percent decrease compared to a similar period last year.

The KEYHAN correspondent in Urmia reported that Engineer Zargar, the deputy minister of interior, made this announcement during his visit to the flooded regions of Western Azarbaijan and said: Among the flood-damaged provinces of Western Azarbaijan, Esfahan, Khorasan, and Khuzestan, the two provinces of Azarbaijan and Khuzestan suffered the most damage.

Engineer Zargar added: Last year, during the same period, the flood caused 250 billion rials in damages, but due to preventative measures and necessary initiatives to face natural disasters, this figure decreased by about 80 percent this year.

Announcing that in five cities of Western Azarbaijan, the flood damaged 1,500 residential homes; 45,000 hectares of farms and orchards; several administrative, educational, and health facilities; and 800 km of rural roads, he mentioned the amount of flood and freeze damage to agricultural products in this province to be 20 billion rials.

Meanwhile, the agricultural organization of Eastern Azarbaijan announced: As a result of recent flooding and freezes, 224 billion rials in damages have been suffered by the farms and orchards of the province of Eastern Azarbaijan.

He said: Also, due to the sudden cold weather, 18 billion rials in damages were inflicted on wheat and barley production in this province.

Tehran's First Planetarium To Become Operational

93LA00831 Tehran KEYHAN-E HAVA'I in Persian
2 Jun 93 p 4

[Interview with Engineer Ahmad Dalaki, supervisor of the Tehran Planetarium, by KEYHAN-E HAVA'I; place and date not given]

[Text] Tehran. KEYHAN-E HAVA'I News Service. 5 Khordad [26 May]. The first planetarium in Tehran, with a capacity of 93 persons, will soon be ready to be open to the public.

Engineer Ahmad Dalaki, the supervisor of the Tehran Planetarium, made this announcement in an interview with the correspondent of KEYHAN-E HAVA'I and added: The dome-shaped ceiling of this planetarium, which shows the image of the sky for observers, is 10 meters in internal diameter and 12.5 meters in external diameter. With a large projector, which is comprised of 50 projectors, the solar system, the moon, thousands of stars, galactic shapes, meteors, and the Milky Way galaxy are presented to the audience in an interesting way.

Concerning the history of the design of planetariums in Iran, Engineer Dalaki said: About 15 years ago, a planetarium was opened in Tabriz, but this is the first planetarium in Tehran, in which every 45 minutes 93 persons will observe the movement of the solar system.

Concerning the positive consequences of the activities and expansion of astronomical centers in our country, he said: The culture of Iranians has been mixed from ancient times with astronomy, and Muslims in their religious instructions became familiar with stars, which are the signs of God's creation.

In this connection, he added: The existence of such centers, in addition to responding to the scientific questions of the young and the youth, is also entertaining, and, in fact, the planetarium is a very beneficial and healthy entertainment center.

Creation of Music Training Centers Debated

93LA0095B Tehran ABRAR in Persian
16 May 93 pp 1, 3

[Text] Tehran—IRNA. Many artists and music professors are calling for the creation of more means for getting the authorization to establish a training center for revolutionary anthems and songs and for teaching traditional music.

Of the 150 training centers for revolutionary anthems and songs and for teaching traditional music in Tehran, only nine have official authorization.

The chief of one of the training centers for revolutionary anthems and songs in east Tehran said in this same regard: If it is authorized to establish and operate these training centers, then it is better that official authorization be issued. If the operation of these centers is illegal, then all the training centers must be closed.

He called upon the nation's music officials to help more in the area of music training, which has made the artistic talents of youth throughout the country grow and flourish.

The chief of another training center for revolutionary anthems and songs in south Tehran also said: Many of these centers have closed, and measures must be taken to issue authorizations and reopen these centers.

Sharif Lotfi, deputy for research and director of the music group at the Arts University gave an interview to IRNA in which he expressed his views. He said: The nation's youth have very high abilities and power to move, and they must also be provided with facilities for appropriate recreation, art and welfare.

He discussed the need to create artistic and recreational centers in the country. He said: To create these resources for youth is to fight against the cultural invasion.

Lotfi discussed traditional music in the country. He said: By creating "research centers," we intend to preserve this primary and essential musical authenticity which has been passed from generation to generation for years.

An official in the office of the deputy minister of culture and Islamic guidance discussed this in an interview with IRNA. He said: We know ourselves that building these institutions has a very good effect for the development and growth of youth, but because of a series of violations that have taken place in these centers, there are obstacles to the issuance of authorizations.

He said: Guidelines are currently being studied for establishing these training centers, and after their completion they will be given to the artists and teachers of this art.

With reference to the guidelines for these training centers, he said: In these guidelines the qualifications for the director of the training center, the class teachers and for building these centers are clearly stated, and this will solve the problem for many interested people and teachers of this art.

Official Views Effects of Expanding Salt Deserts

93LA0096A Tehran ABRAR in Persian 19 May 93 p 4

[Text] According to existing statistics, about 50 million hectares [ha] of the nation's lands are desert areas lacking plant cover, of which 6 million ha is shifting sand.

The minister of the reconstruction crusade said the total direct and indirect annual losses to the nation's resources is 1 trillion rials, and he believes that the nation is faced with these problems because of the destruction and erosion of land in past years.

An expert on natural resources discussed desert and plain reclamation. He said: Recently the Ministry of the Reconstruction Crusade implemented strike programs in 14 desert reclamation stations under which about 2 million ha of desert and ruined pastures will be reclaimed annually in the country.

He said: These stations were formed to restrict and eliminate desert areas and convert them to areas usable for agriculture, animal husbandry and even housing.

This expert considers Iran to be one of five nations in the world, which have succeeded in revitalizing pastures, reclaiming deserts, and stabilizing moving sands, and he believes in the active participation of the public in these kinds of projects.

He said that the revitalization of 10 million square ha by the people from the year 1368 [21 Mar 1989-20 Mar 1990] to the middle of the year 1371 [23 Sept 1992] was a very striking achievement.

According to statistics from the Kerman Province General Office of Natural Resources, despite the great effort being made to revitalize pastures and reclaim deserts, about 5 to 6.5 million ha of the lands in this province is plains and sand.

With respect to plant cover, the province of Kerman is considered one of Iran's desert and semidesert areas. Most of this province is covered by desert and plains. As the minister of the reconstruction crusade said, the province of Kerman is between two of the world's fearsome deserts, meaning the Lut Desert and the Salt Plain.

Precipitation in the province of Kerman fluctuates widely. The average rainfall is 135 mm per year. Most of the rainfall is in the municipality of Baft and Jiroft, with 300 mm, and the smallest amount is in the districts of Shahdad and Narmashir, with an average rainfall of 35 mm.

In some areas the level of evaporation is 10 to 70 times that of the annual rainfall, and this explains the extreme desert conditions prevailing in the broad province of Kerman.

Erosion caused by winds bearing sand in the province, which blows storms of earth and dust in deserts such as Narmashir and Shahdad, causes vast and irreparable damage to the soil makeup, rural roads and even residential homes.

The spread of salt plains, the creation of heavy sand and dust storms and terrifying floods are among the side effects of the destruction and elimination of the soil in this province, which are to be seen in most areas, and they are the result of uncontrolled and improper utilization of natural resources.

Engineer Takluzadeh, province of Kerman general manager of natural resources, said the pastures in this province have totaled more than 10 million ha in area during the last two decades. He said: This amount has fallen to less than 8 million ha today, and most of this area is poor and very poor pasture.

He added: Pastures with high plant cover do not exist in this province. Good pasture is found rarely and on a small area in the heights on an area of about 40,000 ha, and this is only seasonal.

Concerning the amount of feed production in the province, he said: The desert climate and other factors such as

excessive grazing and the failure to use pastures properly made most of the pastures in the province either ungrazable or only grazable to a small extent, so that the production of feed in some of the province's pastures is less than 25 kg per ha.

He believes, if we agree that the pastures and forests are national capital, the maintenance and development of this national capital must also be done with the participation of the people themselves, and the government must be only the administer of this matter.

He says that our people must realize that they live in a country where every second 200 square meters and every year 1 million ha is added to its deserts, and the deserts are thus approaching the nation's prosperous areas and are consuming them. All the people must continue their efforts at desert reclamation with national resolve and the government's help, without bureaucracy.

On the other hand, with investment in the tribal housing sector, the government must take steps as soon as possible to transfer documents of pasture ownership to the tribes, in order to encourage and persuade the tribes to settle and produce crops.

Juniper Jungles Declining in Yazd

93LA0096B Tehran ABRAR in Persian 20 May 93 p 9

[Text] Yazd—IRNA. Of the 60 known types of juniper in the world, six types are on the northern slopes of the Alborz range and the nation's southern and central heights, such as in the province of Yazd.

The only place where juniper grows in this province is the heights of the Bajkan mountain range, 80 km east of the municipality of Bafq.

In the past the forests in this region were partial growths, and because of the failure to follow through and the uncontrolled utilization, today they are found scattered in a limited area of 215 hectares [ha]. The average density of these forests is estimated at about 10 trees per ha.

According to Engineer Dashti, chief of the province of Yazd Office of Pastures, it is quite difficult to restore these trees, and the reason for the survival of the small number of 2,150 trees is the existence of heights that are difficult to cross and inaccessible to human beings.

Foreign Doctors Leave Due to Decrease in Salary

93LA0095F Tehran ABRAR in Persian 16 May 93 p 5

[Text] Forty-five foreign physicians in the province of Kohkiluyeh va Boyer Ahmad have quit their jobs and returned to their countries, India, Pakistan, and Bangladesh, because of the unification of the foreign exchange rate and the reduction in local wages.

The deputy for health care in the province of Kohkiluyeh va Boyer Ahmad Health Care and Treatment Organization discussed this matter yesterday with IRNA's correspondent. He said: With the departure of these physicians, health-care messenger forces have replaced them.

He added: Currently, of the total of 135 general physicians in this province, 15 are foreign, of whom five are employed in Boyer Ahmad and Gachsaran and 10 are employed in Kohkiluyeh.

Concerning the health-care coverage for the various regions in this province, Dr. Heydari said: Right now the cities of Gachsaran have 100-percent coverage, Kohkiluyeh has 99-percent coverage, and the regions in the municipality of Boyer Ahmad, with the exception of the two regions of Chin and Zila'i, which have problems concerning land relations, are fully covered by health care and treatment services.

Concerning manpower procurement, Dr. Heydari said: Authorization to hold classes on midwifery, pharmaceutical technician and laboratory work has been obtained for this province and in the month of Mehr this year [23 Sep-22 Oct 1993], environmental and family health-care classes will also be held.

He said: With credits in the amount of 46.5 million rials, the project to improve three villages in the province of Kohkiluyeh va Boyer Ahmad began last year, and the physical progress of these projects is 60 to 85 percent in Kakan, Sarfaryab and Arvbin.

He noted: In the framework of these projects the needed materials have been provided to the people so that they can build and improve on springs and water sources, toilets and sanitary sewage.

He said: In the three existing hospitals in the province of Kohkiluyeh va Boyer Ahmad, Yasuj, Gachsaran and Dehdasht, there are 357 beds. The beds in Yasuj Hospital, despite the fact that they have more than tripled, do not meet the needs of the province.

Lordegan's 96-Bed Hospital Nearing Completion

93LA0078H Tehran JAHAN-E ESLAM in Persian
13 May 93 p 5

[Text] Shahr Kord, Lordegan. JAHAN-E ESLAM correspondent: During the visit by the governor-general of Chahar Mahall va Bakhtiari and people's representatives from Lordegan and Borujen to a hospital under construction in Lordegan, Dr. Alavi, Lordegan's representative in the Islamic Consultative Assembly [Majles] announced that construction of the 96-bed hospital of Lordegan, which had been halted for a long period of time, after securing appropriate credit, will be completed by the end of 1372 [21 Mar 1993-20 Mar 1994]. And [he] hoped that the hospital will become formally active and operational at the beginning of 1373 [21 Mar 1994-20 Mar 1995].

Dr. Sadri, executive director of the Regional Health and Treatment Organization of the province told the JAHAN-E ESLAM correspondent: For the completion and operational activities of this hospital, a credit of 280 million toman were secured from the national plan fund.

Dr. Alavi, people's representative in the Majles, stated: This hospital consists of Internal Medicine, Surgery, Gynecology, and Pediatric-Care Wards. With regard to the procurement of gas for the hospital, he said: Installation of

the piping for gas has almost been completed and it is hoped that after the final stage when the system becomes operational, we will be able to secure the needed gas from the main [trunk line].

Thereafter, Neku' Zahra'i, governor-general, in a meeting composed of the local authorities and others present emphasized the completion of the 96-bed hospital of Lordegan and stated that the creation and operation of health and treatment centers in the deprived regions of the country is an indication of the government's intention for cooperation and assistance.

Official on Number of Thalassemia Sufferers

93LA0078G Tehran JAHAN-E ESLAM in Persian
16 May 93 p 2

[Text] According to the supervisor of the Blood Transfusion Base of Chahar Mahall va Bakhtiari every day four babies suffering from thalassemia [a deficiency of red blood cells] are born in the country, and on an annual basis this large number of infants will need thousands of pints of blood.

Yesterday, Dr. Azita Shirani, in an interview with IRNA's correspondent announced that the number of thalassemia sufferers in the province of Chahar Mahall va Bakhtiari is about 254.

She noted that the symptoms of this disease afflicting infants or young children, consist of general physical weakness, pallor, bleeding of the gums, and skin irritations.

The supervisor of the Blood Transfusion Base of Chahar Mahall va Bakhtiari further added: In order to secure the blood needs of the afflicted individuals in this region, all the blood products except red blood cells and blood serum with fibrin are prepared at the two Blood Transfusion Bases of Shahr Kord and Borujen.

Similarly, she stated that the number of individuals suffering from hemophilia is about 18 in the said province.

Polluting Boats, Floating Docks To Be Removed

93LA0096C Tehran ABRAR in Persian 24 May 93 p 9

[Text] Karaj—IRNA. To prevent pollution of the Karaj Dam reservoir, which provides most of the consumer water for the citizens of Tehran, all unauthorized transit boats and floating docks in this reservoir are being rounded up.

This decision was taken to implement Article 46 of the Just Water Distribution Law and Article 10 of the executive guidelines for implementing the Environmental Protection and Improvement Law.

Yesterday (Saturday) the Municipality of Karaj Environmental Protection Office approved a one-month strike program to collect unauthorized boats and floating docks in the Karaj Dam reservoir, and called upon legal and real persons to report to the Legal Unit of the Karaj Environmental Protection Office on Tuesdays within the designated grace period.

This office announced: At the end of the designated grace period, in accordance with regulations, the collection and removal of unauthorized docks and boats will be done in this reservoir.

Arms Smuggling Gang Arrested in Lordegan

93LA0078I Tehran JAHAN-E ESLAM in Persian
13 May 93 p 3

[Text] Farsan—IRNA. Last week in the township of Lordegan along with the arrest of an arms smuggling band, 49 weapons of various descriptions together with 3,000 rounds of cartridges were also seized.

Yesterday, Jowkar, commander of the Guardian Corps of the district of Chahar Mahall va Bakhtiari in an interview with the IRNA's correspondent while confirming this news, further added: In this connection 10 smugglers have been arrested, of which two are native Iraqi Kurds.

According to the same source, the arrested individuals together with the discovered arms and ammunitions were handed over to the proper judicial authorities.

Smuggler Dies After Ingesting Heroin

93LA0078A Tehran JAHAN-E ESLAM in Persian
11 May 93 p 3

[Text] Incidents Service. In an autopsy of an African national from Mauritius 53 packets, each containing 14 g of heroin were discovered.

According to the public relations office of the Tehran's Public Prosecutor's Office, the person in question, named Soleyman, was on his way to Turkey from Bazargan's border, died of an unknown cause.

Thereafter, the body was transferred to Tehran's Public Prosecutor's Office in order to determine the cause of death; from where it was sent to the coroner's office by the 21st branch of Tehran's Public Prosecutor's Inspectorate Office.

Based on this report, following an autopsy, 53 packets with a total of 725 g of heroin was discovered in the stomach of the said individual. The heroin was skillfully wrapped in small packages of 14 g each. According to the inspector of the aforementioned office, the cause of death was the result of ingestion of heroin through leakage.

Opium, Heroin Distributor Arrested in Mazandaran

93LA0078B Tehran JAHAN-E ESLAM in Persian
12 May 93 p 3

[Text] Sari—IRNA. On Monday, Gonbad's law enforcement officials recovered 3.7 kg of opium and 1 kg of heroin from a distributor.

Major Fallah, director of the Public Relations Office of the Ideological-Political Department of the law enforcement organization of Mazandaran in an interview with IRNA stated: In this connection an individual named Ahmad, a native of Zabol, was arrested and handed over to the proper authorities.

The same news source further added: In a similar fashion, the law enforcement agents of Amol under like circumstances recovered 1.2 kg of opium from an individual named Nad-Ali, a native of Babol, and handed him over to the judicial authorities.

Officials Discover Heroin Concealed in Car

93LA0078C Tehran JAHAN-E ESLAM in Persian
12 May 93 p 3

[Text] In a surveillance operation 51 kg of pure heroin was discovered in Akbarabad in the vicinity of Shahriar.

Hosseini, commander of the law enforcement department of Shahriar in an interview with IRNA's correspondent stated: The package of heroin was discovered in a special compartment in a small truck.

While expressing his appreciation to the people of the region for reporting any and all suspicious activities, he said: Unfortunately, some of the service and repair stations along the road to Saveh have been transformed into hideaways for narcotics, alcoholic beverages and as havens for shady characters; however, we are in the process of an extensive operation regarding proper identification of such establishments.

Major Fallah, director of the Public Relations Office of the Ideological-Political Department of law enforcement organization of Mazandaran, in an interview with IRNA's correspondent yesterday said: Some members of these bands have long been engaged in creating prostitution houses and deceiving young people.

He added: The principal members of the bands were 14 men and five women, who were handed over to the judicial authorities of Gha'emshahr after preparation of proper incriminating documents.

Over 176 Kg Narcotics Seized in Kerman, Fars

93LA0078D Tehran JAHAN-E ESLAM in Persian
10 May 93 p 3

[Text] Agents of the law enforcement organization of Golbaf, Kerman, on Saturday succeeded in discovering 98 kg of opium.

The director of the office of Ideological-Political Organization of Kerman stated: In connection with the discovery of the package of opium, which was placed in a special compartment of a truck, several individuals were arrested and handed over to the judicial authorities.

During the past two days more than 78 kg of opium was discovered and duly confiscated by law enforcement officials in Tabriz, Estahban, Darab and Shiraz.

IRNA, quoting the public relations office of the law enforcement department of Fars stated: In addition to the recovery of narcotics, 220 video cameras, 2,250 videocassette tapes of indecent nature, and 1.5 million rials in cash were also discovered.

According to the aforementioned report: Twenty-two individuals were arrested and handed over to the judicial authorities of Fars.

Narcotics Production, Distribution Gang Arrested

93LA0078E Tehran JAHAN-E ESLAM in Persian
9 May 93 p 3

[Text] Lahijan—IRNA. Through the efforts of law enforcement officials of Lahijan township, more than 6 kg of opium was discovered from a gang of distributors.

According to IRNA: The discovered narcotics consisted of 1 kg and 100 g of opium and 5 kg of hashish.

In this connection three smugglers were arrested and an investigation regarding the identification of other members of the gang continues.

Various Narcotics Seized in Yazd

93LA0078F Tehran JAHAN-E ESLAM in Persian
9 May 93 p 3

[Text] Officials of the Martyr Madani's gendarmerie post, located on the Yazd-Kerman axis and the law enforcement district of Taft, during the last 48 hours discovered about 35 kg of various kinds of narcotics.

Similarly, in the same period 460,000 foreign-brand cigarettes, 10 video cameras, and 30 packs of playing cards were seized along the aforementioned axis.

In connection with the discovery of the abovementioned items, 36 individuals were arrested and handed over to the proper judicial authorities.